

plex, What?

INTERNATIONAL Herald Tribune

The World's Daily Newspaper

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST



Paris, Friday, May 15, 1998

No. 35,831

LEADER TODAY

Rioting, Looting and Arson Engulf Jakarta

15,000 Soldiers on Guard but Not Intervening

By Mark Landler
New York Times Service

JAKARTA — Indonesia's capital descended into chaos Thursday as rioting and looting broke out in virtually every quarter of the city. Bands of people swept up and down Jakarta's main streets, setting fire to cars, shattering windows in office buildings and burning and pillaging stores.

By nightfall, tanks and armored personnel carriers rolled through the center of the city, while 15,000 soldiers took up positions at the Presidential Palace and elsewhere in the city. Fires continued to burn throughout Jakarta, with plumes of smoke rising over the skyline for miles in every direction.

President Suharto was due back here Friday morning, having cut short a visit to Egypt. But after a day of rage, in which student protests against Mr. Suharto mutated into a mass uprising, it was not clear that Asia's longest-serving leader could retain his grip on power much longer.

"Everyone is scratching their heads about what will happen next," said a

Western diplomat here Thursday night. "Suharto is coming back to a very badly damaged government and a very badly damaged country."

In an ominous sign for the president, Indonesian Army troops sent to trouble spots in the city were greeted with wild applause by the rioters, and the soldiers smiled and raised their fists in return. Army troops generally did not intervene to prevent the looting. Rioters and soldiers mingled easily with each other, and late in the day, teenagers were hitching rides on troop transports.

Indonesia's military commanders are still presumed to be loyal to Mr. Suharto. But political analysts note that

Evacuation Effort Begins in Jakarta

Some countries have begun evacuating their citizens from Indonesia and have issued warnings against traveling there. • Hundreds of ethnic Chinese flee Jakarta. • U.S. calls off military visit to Indonesia. Page 6.

Indonesia has a people's army, which could play a decisive role in tipping the scales against the Suharto government if it chooses to throw its support behind an anti-government movement that mushroomed after the police killed six students at a demonstration here Tuesday.

The chief of Indonesia's armed forces, General Wiranto, said in a news conference Thursday afternoon that order had been restored to the city center.

Surprising both diplomats and local analysts, he did not impose a curfew. An Associated Press report said as many as 20 persons were missing or killed in the riots so far.

It is hard to exaggerate the orgy of destruction and lawlessness that seized Jakarta this day. Gangs of looters tore up streets signs and lamposts, torched cars, smashed shop windows and emptied supermarkets. They sowed a path of destruction that extended from the central business district to an ethnic Chinese enclave in North Jakarta to the airport highway west of town.

Banks, schools, and businesses

See INDONESIA, Page 6



Looted goods and crates burning Thursday in central Jakarta as largely unchecked rioting swept the capital.

For Suharto, It's When, Not Whether, He Leaves

By Keith B. Richburg
Washington Post Service

JAKARTA — Only two months ago, President Suharto's grip on power in Indonesia seemed secure.

He was unanimously re-elected to a seventh five-year term by an assembly he largely handpicked. Although the country's economy was a shambles, his support from the military remained unwavering. And his growing number of vocal critics could offer no viable alternative to his rule.

But with a single dramatic incident that can be seen as a turning point, that perception has been shattered by the sound of automatic-weapons fire crackling from a pedestrian footbridge and by the desperate cries of relatives and friends wailing over the bodies of young slain students.

That flash of violence Tuesday outside one of Jakarta's elite universities — a sharp escalation after three months of student-led protests and the first such incident of bloodshed in the capital — has reshaped the political calculus and forced a rethinking of some assumptions.

Perhaps most important for many, it has brought into question the legitimacy of Mr. Suharto's rule. Asia's longest-serving leader, a man once credited with steering his country through three decades of relative stability and economic growth, is increasingly seen by his people as another in a long line of aging autocrats — the Philippines' Ferdinand Marcos, Zaire's Mobutu Sese Seko — whose troops must shoot unarmed citizens to keep him installed in the presidential palace.

Journalists, academics, opposition politicians and diplomats who monitor events here no longer say it is a question of whether Mr. Suharto will leave office; now they say it is a question of when, and how. Before, they talked of Mr. Suharto's remaining in power for years. Now they talk in terms of months.

"I think the threshold of tolerance has been broken," said Laksamana and Sukardi, a business consultant and economics adviser to the opposition leader Megawati Sukarnoputri. "Suharto before had some legitimacy, before the economic performance. But now, it's no more."

"The final curtain will drop soon," he added. "I can't see any way he can survive the economic turbulence, and now it is compounded by this political turbulence and demands that he step down. There's no point of return any more."

The change in sentiment can be seen simply in the new openness in discussing Mr. Suharto's departure from the scene — a topic that not too long ago would have been considered an insult

See SUHARTO, Page 6

Fighting Rages Anew in West Bank and Gaza



A wounded Palestinian being evacuated after he was shot on Thursday by Israeli troops when demonstrators tried to storm an army position at the Erez checkpoint in Gaza.

Israeli Troops Fire on Palestinians, Killing 9

By Serge Schmemann
New York Times Service

RAMALLAH, West Bank — Palestinians on Thursday marked the 50th anniversary of the creation of Israel, an event they call the "catastrophe," with two minutes of silence. There followed several hours of violence and death.

In the Gaza Strip, Israeli forces opened fire with live ammunition on Palestinians marching toward Jewish settlements. Nine Palestinians were killed, including two 8-year-old boys, and scores were wounded in the worst toll since the Western Wall tunnel riots of September 1996.

Duels between rock-throwing Palestinian youths and Israeli forces firing rubber-coated bullets and tear gas of Israeli forces broke out in every major Palestinian town, and even in East Jerusalem, a city usually spared such street violence.

In Ramallah, Bethlehem and Hebron, the Israeli forces seemed to exercise greater restraint than usual, and there was evidence of coordination with Palestinian policemen to let Palestinian passions play out without inflaming them further. In Jerusalem, however, the action was hotter as the police attacked rock-throwing youths with salvoes of rubber bullets, charges with riot sticks and mounted policemen.

From Jenin in the north of the West Bank to

Rafah at the southern end of Gaza, the marches, protests and violence testified that living memory of their dispossession 50 years ago was now fused with the anger and frustration over the failure of the peace. For every poster and slogan commemorating a village or a home lost in "al Nakba," "the catastrophe," there was another denouncing Prime Minister Benjamin Netanyahu.

The mournful Palestinian commemoration came two weeks after Israel marked the same

A town amid the 'percentage wars.' Page 9.

anniversary, though on the Jewish lunar calendar, with festive cookouts, military displays and firework.

At the central scheduled event of the day, a rally by tens of thousands in the Manara Square of Ramallah, sirens sounded at noon to proclaim two minutes of silence in commemoration of the Nakba, evidently patterned on the Israeli sirens, which annually call for a minute of silence for the Holocaust.

Then the prerecorded voice of Yassir Arafat, the chairman of the Palestinian Authority, sounded over loudspeakers. "A half-century of wounds

See ISRAEL, Page 9

India's Tests Shake Up Asian Politics

World Pressures Pakistan To Resist Replying in Kind

By Stephen Kinzer
New York Times Service

ISLAMABAD — Pakistan came under increasing pressure from foreign governments Thursday to refrain from answering India's recent nuclear tests with tests of its own. Many Pakistanis continued to insist, however, that joining India in the nuclear club was vital to their country's security.

The U.S. Embassy in Islamabad said that Assistant Secretary of State Strobe Talbott and the commander of the U.S.

Weekend test by Pakistan is possible, U.S. says. Page 4.

Central Command, General Anthony Zinni, would arrive here Friday morning for talks with Pakistani leaders. They are expected to bring assurances that Western powers will severely punish India for its tests and will reward Pakistan if it does not test.

During his visit to Berlin on Thursday, President Bill Clinton urged Pakistan to "resist the temptation" to begin nuclear testing. And at the United Nations, the Security

See PAKISTAN, Page 4

Another Chance for China To Gain Global Prestige

By John Pomfret
Washington Post Service

BEIJING — The explosion of five nuclear devices by India has presented China for the second time in less than a year with a powerful opportunity to improve its international influence and reputation, Chinese and Western analysts say.

Of all the world's powers, China — India's huge northern neighbor, which officials in New Delhi identified last week as the country's main threat — might be poised to benefit most from India's decision to barge into the world's club of nuclear powers, these analysts say.

"China comes out a winner in this no matter what," said Bates Gill, a China security specialist at the Monterey Institute of International Affairs in the United States. "But it could become an even greater winner if it is prepared to step up to the plate and accept some of the responsibilities of a great power."

The challenge for China is that it has to resolve the paradox between its 50-year position that no country should interfere in the internal affairs of another and its 2-year-old stated commitment to stymie nuclear proliferation and halt nuclear tests.

In its first substantive comment since India started dete-

See CHINA, Page 4

AGENDA

Microsoft Delays Shipping Windows

WASHINGTON — In a last-minute effort to avert a flood of federal antitrust lawsuits, Microsoft Corp. agreed Thursday to delay shipping the upgrade to its popular Windows software to computer makers until Monday so that negotiations with the government could continue.

The Justice Department said it and 20 states had agreed not to file the suits Thursday and that Microsoft had agreed not to ship Windows 98 on Friday. A source described Microsoft's offer as a major concession. Page 15

The Dollar

	Thursday	4 P.M.	previous close
DM	1.7789		1.779
Pound	1.631		1.634
Yen	133.685		134.155
FF	5.985		5.9865

The Dow

	Thursday	close	previous
-39.61	8172.23	9211.84	S & P 500
change	Thursday	4 P.M.	previous close

See CLINTON, Page 9

In Germany, Clinton Draws Adulation and Candidates

By William Dordzak
Washington Post Service

BERLIN — Back home, Bill Clinton may feel hassled by a hostile Congress and hounded by a zealous prosecutor. But here in Germany, he discovered that American presidential stature still counts for something.

The postwar partnership between Germany and the United States has endured emotional ups and downs. Some Germans resented what they felt was an unhealthy dependency on the United States. NEWS during the Cold War. ANALYSIS and there are persistent critics who denounce continuing American domination as the primary cultural, military and economic power in the world.

In the wake of its unflinching support for Germany's reunification eight years ago — in contrast to doubts voiced by France, Britain and other European partners — the United States has enjoyed new popularity here. During the course of a two-day visit during which he basked in the feel-good glow of the Berlin Airlift's 50th anniversary, Mr. Clinton appeared oblivious to his domestic troubles and almost taken aback by the warm welcome he received from rapturous crowds and the envious politicians who were eager to share in the adulation he received.

With Germany's national elections just four months away, the most sensitive issue confronted by the White House was how to deal with Chancellor Helmut Kohl and his Social Democratic opponent, Gerhard Schroeder, as they jockeyed to be portrayed with Mr. Clinton in the most sympathetic light.

With the embattled Mr. Kohl lagging far behind his rival as he strives to win

See CLINTON, Page 9

A U.S. 'humble economy?' Page 15.

With Expo '98, Portugal Starts to Strut

Signs of Renewal, from Euro Entry to Giant Bridge, Are Everywhere

By John Vinocur
International Herald Tribune

LISBON — This is a harvest season for the Portuguese, a sunburst, a prodigious moment after so many years edged in dark colors and caution.

Like canes and crutches tossed away at the doorstep of a miraculous shrine, the pile of discarded clichés about the Portuguese could rise these days to the level of Lisbon's seven hills. They were supposed to be stuck in an eternal melancholy, a people of cardboard suitcases and immigrants' remittance checks, their afterthought of a country too poor, too cut off, too pessimistic ever to climb into Europe's mainstream.

Instead, the Portuguese joined the founding members of the European

single currency two weeks ago, passing every test with a competence that the old notions held beyond their reach. In April, they opened the Continent's longest bridge, an engineering brilliance and aesthetic prowess. And on Friday next week, Expo '98 begins on Lisbon's rebuilt waterfront, a world's fair meant to say, out loud, that something admirable has happened here.

The capital coughs with construction dust. But piles of dirt and gravel one day are grassy cases the next. The Vasco da Gama Bridge, running 12 kilometers and 5 kilometers more with its approaches across the Tagus River, cost a billion dollars that could have gone into less self-conscious projects, but its perfect low arc, a silver stone's skipping path to the horizon, opens up a modern trade

See PORTUGAL, Page 9

See SUHARTO, Page 6

Newstand Prices	
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12.50 FF Morocco	16.00
1.600 CFA Qatar	10.00 QR
5.50 FF Reunion	12.50 FF
10.00 FF Saudi Arabia	10 SR
1.100 CFA Senegal	1.100 CFA
2.800 Lit Spain	225 Pes
Ivory Coast 1.250 CFA Tunisia	1.250 Din
1.250 JD U.A.E.	10.00 Dh
1.250 JD U.A.E.	10.00 Dh
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A Tomb Opens / Searching for 'Closure'

For 2 U.S. Families, a Cruel Day in Vietnam

By David Stout
New York Times Service

WASHINGTON — Whatever emotions ran through them as they watched a coffin being removed from the Tomb of the Unknowns in Arlington National Cemetery on Thursday, the relatives of two men lost in the Vietnam War were apt to feel the years just fall away.

It was 26 years to the day since grim-faced visitors came to Pat Strobridge's apartment in Portland, Oregon. They told her that her husband, Captain Rodney Strobridge, had been shot down in his army helicopter near An Loc three days before, and that she was probably a widow.

She has a new name and a new family and a new life now. Still, as she said the other day, "I've never stopped thinking about him, hoping and praying that we'd find closure."

Pat Blassie of Atlanta feels that way, too. Her brother, First Lieutenant Michael Blassie, was shot down in his air force attack plane on May 11, 1972, the same day Captain Strobridge was lost, and in the same area. "We are ready to bring Michael home and finally put him to rest," she said last week. Home would be a cemetery plot in St. Louis, where he grew up.

Evidence has turned up in recent weeks that the remains of the Vietnam-era serviceman in the tomb are those of Lieutenant Blassie or Captain Strobridge. So, DNA testing on the half dozen bones that make up the Vietnam unknown's remains may finally give one family the peace it wants.

But how much peace? As Captain Strobridge's former wife, now Pat Baker of Burke, Virginia, put it, "It's very hard to think of your loved one as six bones."

No, when she thinks of him she remembers meeting the man with long hair.

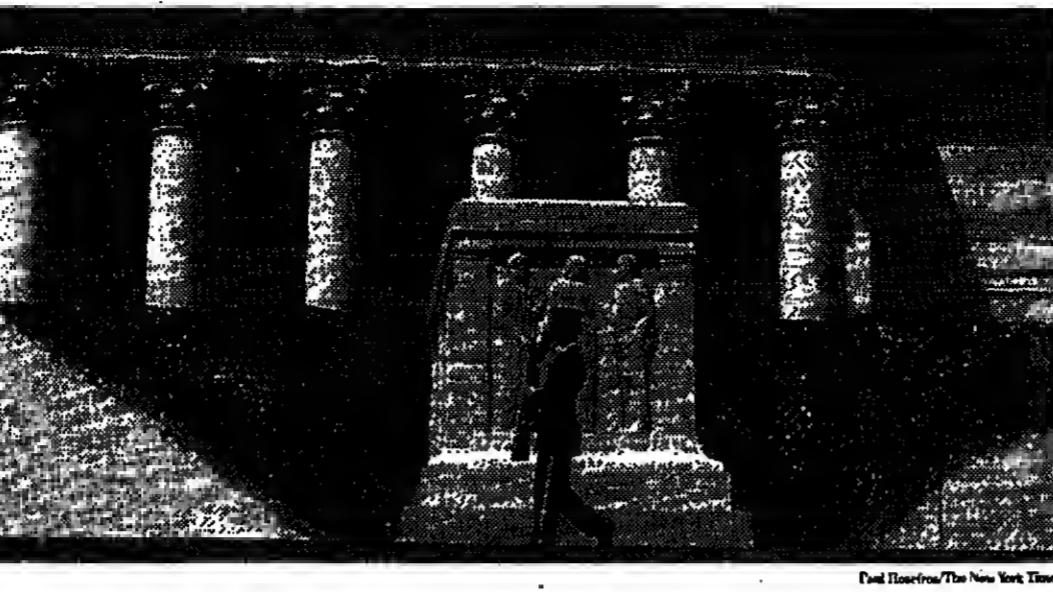
That was in 1969, when she was Pat Mulligan, an elementary school teacher in Monterey, California. She and a friend stopped for coffee. The dine was crowded, so they shared a table with strangers. A man with the kind of mod hair that was fashionable back then introduced himself as Rod. They talked for a while, and he asked if he could call her.

When Rod picked her up that weekend, he doffed his "hair" with a flourish, revealing the crewcut appropriate for an army pilot.

"Not everyone meets their husband wearing a wig," Pat Baker said. "We clicked at that first meeting."

Rod Strobridge had worn the wig to avoid being heckled by war protesters, not that he was ashamed of having done a tour in Vietnam.

They married in the summer of 1970, and the next year he was sent to helicopter school (his first tour had been flying fixed-wing aircraft), and not long



Paul Hagen/The New York Times

An honor guard passing before the Tomb of the Unknowns, draped with netting, at Arlington National Cemetery before the exhumation of a soldier's remains Thursday.

after Christmas he left for Vietnam, and she went to Oregon to be near her parents. She never saw him again.

That Sunday, May 14, 1972, when the army said Captain Strobridge was presumed dead, was Mother's Day. It was a week before Althea Strobridge's birthday, and eight days before her son would have turned 31.

For a while, Pat dared to hope. But the months went by, and then the years. "You're not single, you're not married," she said of the sad limbs of those days. "And friends that keep in touch with you at the beginning..."

MAY 1972 WAS a cruel month for the Blassie family, too. Two of Michael's sisters had celebrated birthdays, Judy on the 6th and Mary on the 7th. Then came the notification that Michael was missing and probably dead.

A career officer, Michael was 24 when he disappeared. His brother, George, was 11. "Michael was a hero, a mentor to us, to me," George Blassie said the other day from his home in St. Louis. By his voice, it is clear that he cannot quite comprehend being much older than his big brother ever got to be.

His siblings all feel that way. Even allowing for their selective amnesia, Michael seems to have been an ideal brother — protecting, prodding without bullying, pushing his brother and sisters to do their

best. Michael Blassie was good in school. He excelled in sports and music (he played the bassoon and saxophone in high school), and nobody was surprised when he went to the Air Force Academy.

"You can believe that we are proud of Michael, especially of the fact that he loved his country enough to fight and give his life for it," Pat Blassie said last week.

"He's in our hearts," his mother, Jean Blassie, said. "He should be home with us."

Clearly, the Blassie family (Michael's father, George, was a meat-cutter who died in 1991) would be devastated if the remains are found to be not those of Michael. His kin have said they are sure that they are, just as sure as they are that Michael would be a colonel or general today if he had lived. They are eager to have the tomb opened.

But the parents of Rodney Strobridge were ambivalent. "How can it change anything?" said George Strobridge, a 78-year-old retired plumber and World War II navy veteran who lives in Lake Isabella, California. "He's gone, and he'll be gone a long time."

The captain's mother, Althea Strobridge of Perry, Iowa, wondered if opening the tomb would dilute the solemn mystery of the site. Even assuming the Vietnam unknown is her son, Mrs. Strobridge said, "Leave him in Arlington."

Then she seemed to waver: "I'll just go along with it, come what may."

Remains of an Unknown Soldier Exhumed for Tests

Compiled by Our Staff From Despatches

WASHINGTON — The remains of a Vietnam War serviceman were exhumed from the Tomb of the Unknowns on Thursday and were borne away in a flag-draped casket for DNA testing to try to settle the mystery of his identity.

Amid prayers and anthems, the unprecedented opening of the sacred site in Arlington National Cemetery was marked by a solemn ceremony attended by relatives of nine servicemen killed in Vietnam and thought likely to be the unknown.

"We disrupt this hallowed ground with profound reluctance," said Defense Secretary William Cohen. "We take this step only because of our abiding commitment to account for every warrior who fought and died to preserve the freedom that we cherish."

Private contractors, working at night, used a diamond-tipped cutting tool to slice open thick granite slabs around the marble cover of the Vietnam War crypt. Then a crane lifted the heavy cover and raised the casket out of the tomb.

Mr. Cohen ordered the unprecedented exhumation last week after relatives of First Lieutenant Michael Blassie, an air force pilot killed in 1972, asked for the DNA tests, insisting that other evidence pointed to his being the unknown.

The Pentagon has identified eight other Americans who also are unaccounted for after losing their lives in the area of An Loc, Vietnam, in the same general period of 1972. If successful, the DNA tests, which will be performed at a military laboratory in Rockville, Maryland, should be able to tell with near certainty whether the remains

belong to any of the nine, Pentagon experts say.

In his invocation over the steel casket bearing the bone fragments of the Vietnam Unknown, Mr. Cohen said the exhumation was warranted if technology could "ease the lingering anguish of even one family." He said, "So, we yield today to the promise of science, in the hope that the heavy burden of doubt can be lifted from a family's heart."

The remains were taken in a hearse to Walter Reed Hospital in Washington, where they were to be examined by forensic anthropologists in preparation for DNA tests.

The Vietnam unknown was buried in 1984, before the sophisticated tests were available.

The tomb also contains the remains of fallen soldiers from World War I, World War II and the Korean War.

(AFP/Reuters)

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Rebels in Sierra Leone Accused of Atrocities

By James Rupert
Washington Post Service

knows that individual Liberians might be fighting alongside them.

Neither Liberia's nor Sierra Leone's government can control its hinterlands. Eastern Sierra Leone, an important diamond-mining region for years has been frequent battlefield involving army troops, guerrillas or soldiers of fortune from Sierra Leone, Liberia, South Africa and Nigeria.

Most rural Sierra Leoneans are farmers who grow small plots of rice, yams and vegetables. In the northeast, many villagers fled their homes repeatedly as the battle for power and diamonds washed back and forth over the region.

Since early April, hundreds of civilians from the northeast have been arriving at Freetown's main hospital with severed limbs, according to Doctor Without Borders. "We have seen more and more of them. At the beginning they were only men, but in the last days, more children, too," said Francoise Saive, a medical coordinator with the group, who was reached by telephone in Freetown.

Ms. Saive said victims reported being attacked in their villages, or as they hid in the jungle, by bands of armed men. Typically, "the survivors try to reach some place held by Econog, which brings them by truck to Freetown," she said. Tens of thousands of village families had fled over borders to Guinea or Liberia.

TRAVEL UPDATE

Paris Obelisk Gets Cap

PARIS (Reuters) — A gold pyramid cap was placed on top of an ancient Egyptian obelisk in the heart of Paris on Thursday, more than 150 years after the project was first conceived.

The 32-meter (107-foot) obelisk, carved in the 5th century B.C. and given to France by an Egyptian viceroy in 1830, stands at the center of the Place de Concorde at the head of the Champs Elysees. President Jacques Chirac agreed last year to back the 1.5 million franc (\$252,000) project to cap it with a 3.6-meter high hat.

Sierra Leone's current battle for power began in May 1997, when army troops overthrew President Ahmed Kabbah. They chose Major Johnny Paul Koroma to head a military junta and invited the United Front rebels, who had been fighting Mr. Kabbah's government from bases in the north and east, to join them in power.

Nigeria led West African states in pressuring Major Koroma to give up power, and in February, after months of stalemate, Nigerian troops seized Freetown, about 180 miles (270 kilometers) to the west, in the past month. Some victims arrive with hands, feet or ears severed by machete blows, and hundreds more people likely have died in recorded in the attacks, the group said.

Sierra Leone's current battle for power began in May 1997, when army troops overthrew President Ahmed Kabbah. They chose Major Johnny Paul Koroma to head a military junta and invited the United Front rebels, who had been fighting Mr. Kabbah's government from bases in the north and east, to join them in power.

In their continuing effort to put down resistance by the junta's holdouts, Nigerian troops captured the northeastern town of Koinadugu on Tuesday and are pushing toward Kailahun, the largest town still held by the junta. In a further sign of the junta's weakness, Major Koroma has offered to surrender to Bishop Biguzzi. Last month, Mr. Kabbah's government said that the United Front rebels' top field commander, Sam Bockarie, had fled to Liberia.

A Nigerian Defense Ministry spokesman, Colonel Godwin Ugo, said 4,000 to 5,000 Nigerian troops are in Sierra Leone and are advancing slowly into old rebel strongholds. Colonel Maxwell Kholbe, the Nigerian commander in Sierra Leone, in an interview with BBC radio, said they were moving forward, but were not in a hurry. Colonel Kholbe said his pace was dictated by a desire to minimize casualties.

The Nigerians' advance through the east is complicated by densely forested hills and by the nearby Liberian border.

News agencies quoted a Nigerian officer in Freetown as saying prisoners taken in the east include guerrillas who fought with Liberian militia forces led by Charles Taylor, who is now Liberia's president. Mr. Taylor has denied helping the Sierra Leonean rebels but ac-

cepted to be on the oldest planes

THE AMERICAS



LITTLE ROCK LOCKUP — Susan McDougal entering a federal court Thursday. She pleaded not guilty to obstructing justice in not talking to a grand jury about the Whitewater scandal. Her trial starts June 22.

Heiress Gets 60 Days In Shooting of Lover

Washington Post Service

WASHINGTON — A Virginia arms heiress has been convicted of voluntary manslaughter for killing her Argentine polo-playing lover, but a jury sentenced her to just 60 days in jail, partly accepting her argument that she acted with justification.

Susan Cummings, 35, could have faced life in prison if convicted of the original charge of first-degree murder in the death of Roberto Villegas, 38, on Sept. 7. On the manslaughter charge, the eight women and four men on the jury could have sentenced her to up to 10 years in prison.

Ms. Cummings has decided not to appeal and will begin serving her sentence Saturday after a memorial service for her father, Samuel Cummings, a billionaire arms dealer who died less than two weeks ago in Monaco.

Her attorney, Blair Howard, was visibly elated

by the outcome. "We will be eternally grateful to the court in our favor," he said.

But friends of Mr. Villegas said they were horrified by the sentence. "Basically, she got away with murder," said Travis Worsbom, who had played polo with the victim.

Ms. Cummings had been involved with Mr. Villegas for about two years. They met when she brought him to her 350-acre (140-hectare) estate in northern Virginia as the star player on her polo team. She shot Mr. Villegas four times in the kitchen of the estate, which she shares with her twin sister, Diana.

During the trial, the defense argued that Mr. Villegas was abusive and that Ms. Cummings acted in self-defense. But prosecutors contended that Ms. Cummings was guilty of murder because evidence showed that Mr. Villegas was sitting at the kitchen table when he was shot.

POLITICAL NOTES

California Candidates Clash

LOS ANGELES — In a debate that was rollicking from its opening minutes, the four major candidates for governor of California clashed on various issues, as each sought to capture momentum for the three crucial weeks remaining before the state primary.

While the forum Wednesday delivered on its pledge to illuminate the candidates' stands on the issues, the four hammered away at each other as well. Al Checchi, a businessman, took most of the hits for his massive and, lately, attack-prone television advertising.

"Your ads, Al, have been negative," U.S. Representative Jane Harman told her fellow Democrat. "I resent the distortion of my record. It's false and voters know that and it cheapens your own campaign."

Lieutenant Governor Gray Davis, a Democrat, and Attorney General Dan Lungren, a Republican, also heaved bricks at Mr. Checchi — Mr. Davis for his advertising and Mr. Lungren for his failure to vote in several California elections.

"I've been attacked for spending my own money by people who take money from others," said Mr. Checchi, who by the end of the primary will have broken the national record for spending for a statewide race. (LAT)

Veto Threat Over Highway Bill

WASHINGTON — House and Senate Republicans have moved close to a compromise on a mammoth highway and mass transit bill while the Clinton administration is threatening a veto if the measure proves too costly or forces cuts in other high-priority domestic programs.

The White House budget director, Franklin Raines, warned in a letter to Congress that the president's advisers would recommend a veto if the final bill took too much out of the budget "by spending the surplus, by reducing the domestic discretionary caps, by using unacceptable offsets or by forcing cuts in domestic priorities."

Playing down the importance of the threats, Representative Bill Shuster, Republican of Pennsylvania, chairman of the House Transportation and Infrastructure Committee, told reporters Wednesday that negotiators were "very close."

Quote/Unquote

Paul Kanjorski, Democrat of Pennsylvania, as the House panel investigating campaign finance practices remained bogged down amid partisan bickering: "This entire committee should be holding this hearing in a chamber with padded walls. It is humorous, but only because it is so close to the truth is. We are starting to embarrass the American people." (NYT)

Away From Politics

A Dane arrested for leaving her daughter asleep in a stroller just outside a restaurant where she was eating last year has sued New York City. Alleging that she was charged with endangering her 14-month-old when no crime had been committed, Annette Sorensen is seeking at least \$20 million in damages. (Reuters)

A ninth-grader who sent a threatening electronic mail to President Bill Clinton was expelled for the rest of the school year by the St. Cloud, Minnesota, school board. (AP)

Two marauding pit bulls terrorized a neighborhood near a Charleston, West Virginia, elementary school until the police killed the dogs — and then arrested their owner. (AP)

Secret Service Agents Must Testify, Starr Argues

They Have 'No Authority' to Refuse, Special Prosecutor Tells Grand Jury in Lewinsky Case

The Associated Press

WASHINGTON — The special prosecutor Kenneth Starr argued in open court Thursday that there was "no authority" under federal law for Secret Service agents to refuse to testify before a grand jury in the sex-and-perjury investigation of President Bill Clinton.

Mr. Starr told a U.S. District Court judge here that the Secret Service had failed to address key questions in asserting that agents may remain silent about the president's relationship with Monica Lewinsky, a former White House intern.

There is "no authority, none, zero" in the law "for the privilege being sought today," Mr. Starr argued.

The special prosecutor also said the Supreme Court had taken a "let-the-truth-come-out approach" by requiring that evidence be produced to grand juries in all but the most narrow exceptions.

Mr. Starr has sought to question a half-dozen or more Secret Service officers as he tries to determine whether Mr. Clinton lied under oath in the now-dismissed Paula Jones case about whether he had a sexual relationship with Ms. Lewinsky and urged her to lie as well. A retired Secret Service officer has already testified that the president and Ms. Lewinsky spent at least 40 minutes alone together in the Oval Office in 1995.

CBS News has reported that Mr. Starr also is seeking to question a Secret Service at-

tomey, John Kelleher, because a member of the Secret Service had gone to Mr. Kelleher with information about alleged sexual affairs in the White House.

Mr. Starr said Thursday it was "inappropriate and indeed illegitimate for the court to engage" in approving protective privilege when Congress had already declined to do so. Mr. Starr also said federal law required that executive-branch employees provide any information they have relating to violation of the criminal code.

Gary Grindler, a deputy assistant attorney general in the Justice Department's civil division, argued Thursday that the safety of the president was at stake and that Secret Service agents should be allowed to refuse to answer certain questions.

Judge Norma Holloway Johnson of U.S. District Court questioned Mr. Grindler closely, saying that she did not understand how presidential safety would be compromised by requiring Secret Service cooperation in Mr. Starr's criminal investigation.

Mr. Grindler replied that requiring Secret Service agents to testify would damage "the trust and the confidence of the president in the ability of the Secret Service to step in and protect the president against assassination."

The head of the Secret Service reportedly has argued privately to Mr. Starr and Justice Department officials that forcing his agents to testify in the Lewinsky investigation would

lead to the assassination of a president.

Lewis Merletti contended that presidents in the future would decide to keep Secret Service agents at a distance out of fear of a breach of privacy, making an assassination inevitable.

The Washington Post reported Thursday, quoting sources familiar with the conversation.

Judge Johnson has already ruled on the issue of executive privilege, according to sources familiar with the ruling, which like all grand-jury proceedings is sealed.

The sources said the judge ruled May 4 that the prosecutors' interest in gaining the testimony outweighed the president's interest in keeping advice confidential.

A Clinton confidant, speaking on condition of anonymity, said the president had decided to appeal the ruling.

On Wednesday, Senator John Ashcroft, Republican of Missouri, and the House majority whip, Tom Delay of Texas, introduced a bill that would require presidents to report to Congress when they assert executive privilege.

Meanwhile, the president's personal secretary, Betty Currie, returned Thursday for another appearance before the federal grand jury investigating the Lewinsky matter.

■ An Impassioned Plea for Restraint

Peter Baker and Susan Schmidt of The Washington Post reported earlier:

In an effort to head off the courtroom confrontation, Mr. Merletti — a 24-year vet-

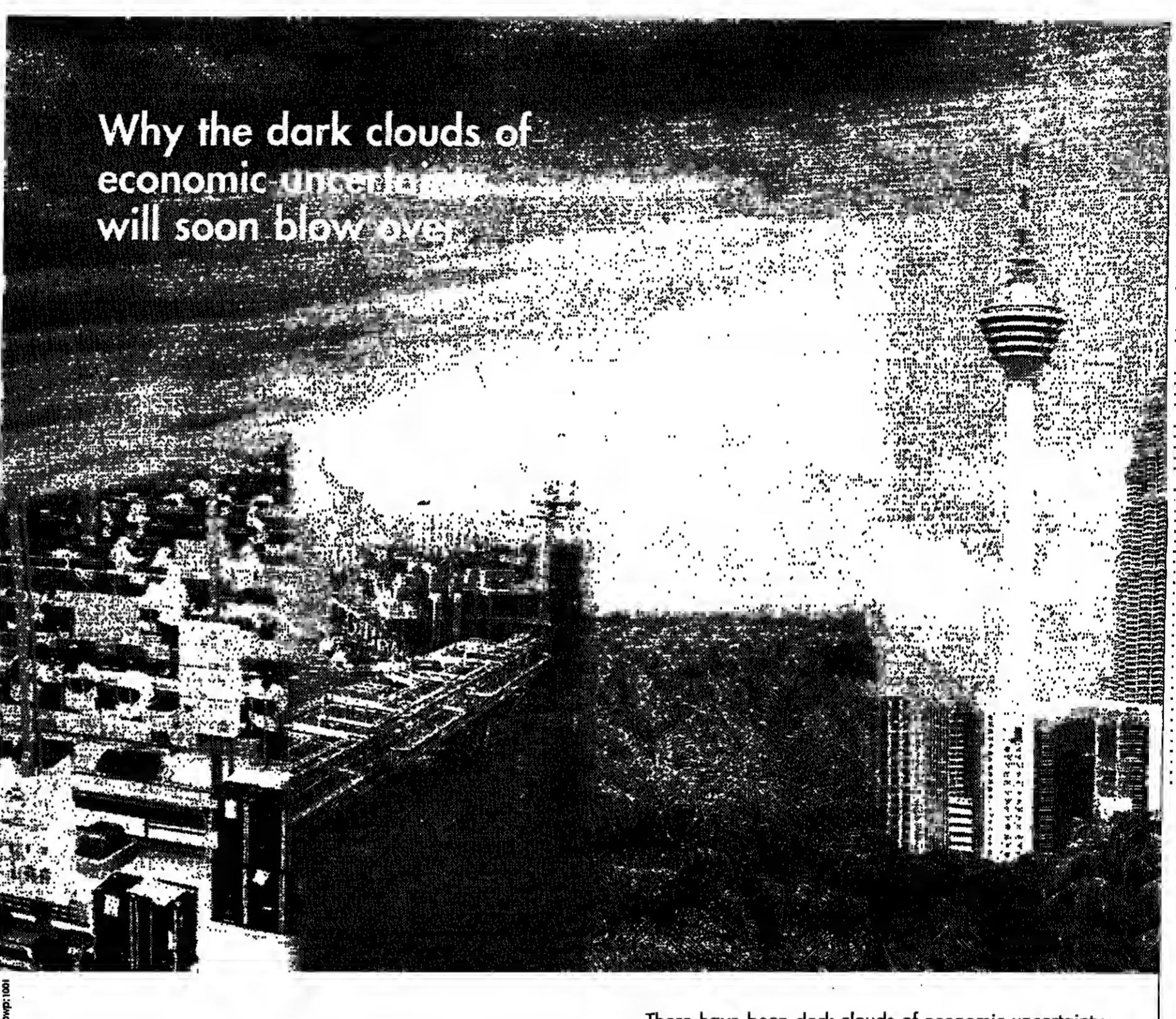
er of the Secret Service who had served on the protective details of Mr. Clinton and his two predecessors, Ronald Reagan, George Bush, before taking over the top job last year — waged an impassioned, backdoor campaign to persuade the independent counsel to back off, sources said.

In private conversations with representatives of Mr. Starr's office and the Treasury and Justice departments, Mr. Merletti said trust and proximity to a president were crucial to protecting him, the sources said. If a president asked an agent to stand a few feet away to allow him to talk without being overheard, Mr. Merletti reportedly said, it could keep the agent from being close enough to stop a bullet.

To make that case, the service ran through the history of assassination attempts, showing instances where they succeeded or failed, possibly depending on how close agents were to an intended victim. Sources said they produced rare photographs of John F. Kennedy's fateful 1963 motorcade through Dallas, where agents were not standing on running boards on the back of his exposed automobile when shots rang out because the president several days before had ordered them not to.

Officials then displayed pictures showing agents standing next to Ronald Reagan during a 1981 assassination attempt, the sources said. That proximity, the service argued, enabled agents to push Mr. Reagan into a car before he was hit by more than a single bullet.

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Missile Strike Forces in the Making

India and Pakistan March Lockstep Toward a Nightmare Scenario

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — For much of the past decade, U.S. policy toward the Asian Subcontinent has been quietly consumed by one major ambition: to keep India and Pakistan from obtaining nuclear-tipped missiles capable of destroying each other's major population centers with just a few minutes' warning time.

U.S. intelligence analysts have repeatedly warned that relations between the countries are so poor and so often swayed by domestic politics that the mutual attainment of this capability could make the unthinkable — a nuclear exchange between bitter regional rivals — a reality.

But now, with India's tests this week of five nuclear devices, U.S. officials say this nightmare scenario could be around the corner. New Delhi is suspected of having tested a warhead capable of fitting atop its new medium-range Agni missiles, which are capable of striking major Pakistani cities. Islamabad, for its part, flight-tested five weeks earlier one of its own nuclear-capable Ghauri missiles, which could strike virtually any Indian city.

So far, neither country has deployed its most advanced missiles with nuclear warheads, but U.S. analysts have speculated that both probably could do so in a year or two. If so, it would mean that for the first time in the 50 years since India and Pakistan were partitioned by religious differences, they would each possess a hair-trigger ability to

wreak nuclear destruction on the other. The nuclear tests by India, and some worrisome steps taken earlier by Pakistan, have accelerated the subcontinent's arms race and sown new uncertainty about its outcome, according to U.S. officials and independent experts. For years, "they have been inching along toward a nuclear and missile capability," the acting undersecretary of state, John Holum, said Wednesday. "Now India has just taken a big leap along that path."

Several other officials said that New Delhi's nuclear blasts mean that Washington's long-standing efforts to contain proliferation in the region have been mostly for naught. Diplomatic and economic pressure applied not only in India and Pakistan but also against several key supplier nations often has been circumvented or ignored.

Operating stealthily and with its checklist at the ready, Pakistan imported key nuclear technology from China and complete medium-range ballistic missiles from both China and North Korea. India, for its part, has used Canadian-made reactors to produce plutonium for its nuclear bombs and made its own missiles with know-how acquired from the United States and Russia.

"There is a lot of momentum in the strategic programs, including the ballistic missile programs," a deputy assistant secretary of state, Robert Einhorn, told the Senate Foreign Relations Committee on Wednesday. "We've put a very high priority in trying to promote restraint."

But other officials said the latest tests reflect the fact that the two countries are in lockstep, with each ratcheting up its military programs in response to the acquisition of key pieces of technology by the other. In explaining their nuclear blasts, for example, Indian officials have complained in part that Pakistan's test of the Ghauri missile was a provocative military display and required an Indian riposte.

The Pakistani military named its new missile, which has an estimated range of around 1,400 kilometers (860 miles), after a famous Muslim warrior who slew the Hindu emperor Prithvi. It was purchased from North Korea in a secret 1997 deal that caused the Clinton administration to invoke economic sanctions. May 4 against government entities in both countries.

Khan Research Laboratories, which has long played a key role in the development of Pakistan's nuclear weapons, purchased the missile from Changwang Sinyong Corp. of North Korea. Casb-strapped North Korean engineers had developed it under the name No Dong and sold what U.S. officials described as a "bandit" of the missiles to Pakistan for millions of dollars even before their own military fielded the No Dong.

Although Washington has repeatedly asked Pyongyang to constrain its missile sales to volatile regions, North Korea said it would do so only if the United States paid an amount equivalent to its profits from such sales. "They will sell virtually anything for cash," a senior U.S. official said.

U.S. officials had also approached Islamabad about suspicious contacts with Pyongyang, but the Pakistani official denied anything untoward. The transfer subsequently escaped U.S. detection until after it was completed, several officials said.

The Ghauri is not the first nuclear-capable missile acquired by Pakistan, but it is clearly the best. U.S. intelligence officials say Islamabad acquired several dozen nuclear-capable missiles from China in a deal concluded by Beijing shortly after Washington's 1992 sale of F-16 fighter planes to Taiwan. These missiles, known as the M-11, have a range of about 290 kilometers, which makes them incapable of striking major Indian cities. So the Ghauri gives Pakistan an assured means of striking New Delhi from various locations inside Pakistan.

Eight months before Islamabad tested

the Ghauri, New Delhi incensed Pakistan by moving some of its short-range Prithvi missiles close to the Pakistani border. Derived from a Russian air defense missile known as the SA-2, the Prithvi is not capable of carrying a nuclear weapon. But it has been used by India as the second stage of a missile that could carry such arms: the Agni, which has an estimated range of 2,000 kilometers and was last flight-tested in 1994.

The first stage of the Agni is a copy of the U.S.-made Scout space rocket, which Washington sold to India many years ago.

"They were able to get a lot of useful stuff from foreigners before the doors came crashing down" in the late 1980s, when the United States and other nations first began to worry seriously about missile proliferation, an official said.

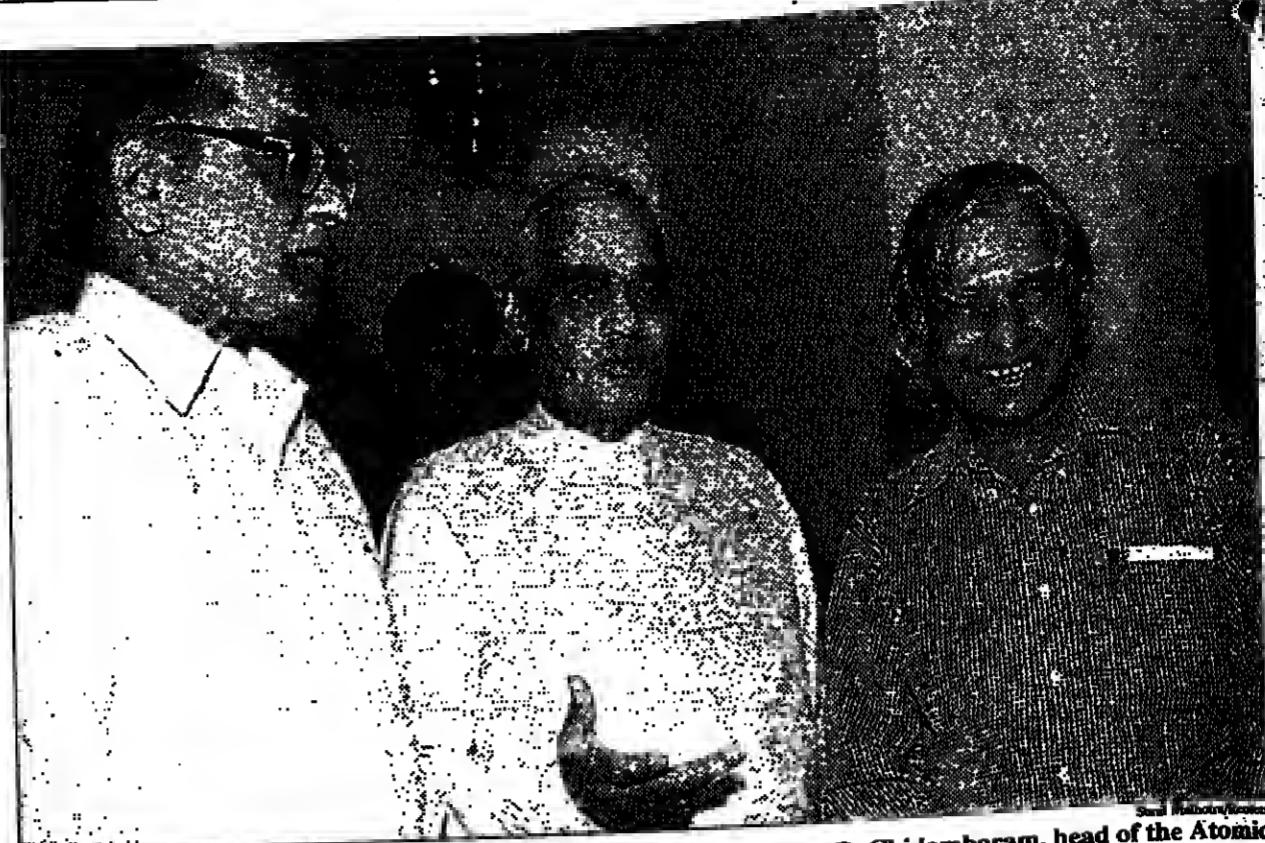
If one of the nuclear tests this week was indeed of a new warhead meant to be deployed with the Agni, India has abundant nuclear material on hand for use in such warheads. It has operated several Canadian-designed nuclear reactors to produce plutonium for its bomb program for many years and has so much material stockpiled that this week its officials endorsed a global treaty to end new production of fissile material.

Washington has long pushed such a pact, but Pakistan — which has far less fissile material on hand — has resisted on grounds that it would effectively leave New Delhi with a permanent advantage. In contrast with India, which relies primarily on plutonium to fuel its bombs, Pakistan has used highly enriched uranium. But in January, Islamabad acknowledged that it had begun operating a nuclear reactor built with Chinese assistance, that U.S. officials say is ideally suited for producing plutonium for weapons.

Several officials said that when the U.S. national security adviser, Samuel Berger, visited Pakistan, he obtained a pledge that Islamabad would not enrich uranium to the level considered ideal for nuclear arms. But U.S. intelligence officials say they believe Pakistan has not kept its pledge.

If the two countries eventually fielded nuclear-equipped, medium-range ballistic missiles, they would be subject to some of the same tensions experienced by the United States and the Soviet Union during the Cold War, U.S. officials said.

"With the superpowers," an official said, "at least there was a territorial buffer zone. With these two, there not only is no buffer zone, but you have a territorial dispute over Kashmir that could provide the sparks for a war."



Prime Minister Atal Bihari Vajpayee, flanked by two Indian scientists, R. Chidambaram, head of the Atomic Energy Commission, left, and A.P.J. Abdul Kalam, head of a defense research agency, Thursday in New Delhi.

U.S. Fears a Weekend Test by Pakistan

Intelligence Sources Indicate Preparations for Explosion in Desert

By Tim Weiner
New York Times Service

WASHINGTON — Pakistan is preparing for an underground nuclear test that could take place as early as Sunday, according to U.S. officials, citing clear signs from spy satellites, foreign agents and Pakistan's political leaders.

Diplomatic, military and intelligence officials said Pakistan could test a nuclear warhead sometime next week at a desert site in response to five tests that India has conducted since Monday. It would be Pakistan's first test of a nuclear device and would add one more country to the list of nations with an open nuclear ability.

Despite the certain and severe economic and political consequences for Pakistan, and the effect such a test is bound to have on the already soaring tensions in the region, "no one expects them to not have a test," an administration official said.

President Bill Clinton hastily sent a high-level diplomatic team to Pakistan on Wednesday after a discouraging

telephone conversation that morning with Pakistan's prime minister, Nawaz Sharif. The president said he asked the prime minister "to resist the temptation to respond to an irresponsible act."

But "Sharif was not able to give that reassurance," said Karl Inderfurth, the assistant secretary of state for South Asian affairs. "He told the president that he was under tremendous pressure to respond."

Pakistan would suffer the same financial sanctions as India did on Wednesday: a prohibition on private American bank loans, as well as the threat of the loss of World Bank and International Monetary Fund assistance. The World Bank has \$4.4 billion worth of programs under way in Pakistan, and the IMF has offered Pakistan a new \$1.56 billion, three-year loan program, only about \$208 million of which has been disbursed. The money not already in the pipeline would be barred.

Pakistan's political leaders have made it plain that they intend to respond to India in kind. India's tests will not go unanswered." Foreign Minister Gohar Ayub Khan told the nation's Senate on Wednesday.

In addition to these kinds of public pronouncements, U.S. spy satellites have detected military equipment and technical personnel making preparations for a test at the Chagai Hills site, the officials said.

Experts Doubt North Korea's Nuclear Taunt

By Kevin Sullivan
Washington Post Service

TOKYO — A North Korean official suggested Thursday that Pyongyang might revive its own nuclear program, but American, South Korean and Japanese experts said they viewed the threat as more of a bluff than a reality.

North Korea's ambassador to China, speaking to reporters in Beijing, said his country was considering reopening a nuclear power plant it closed in 1994. The plant is capable of producing plutonium that could be used in the manufacture of nuclear weapons.

American and Asian experts, however, said it would be too expensive and technologically complex for North Korea to reopen the plant.

On Wednesday in Washington, James Rubin, the State Department spokesman, said, "We're confident that North Korea has not violated the across-the-board freeze on its nuclear activities, and that the agreed framework is alive and well."

In Seoul, a Foreign Ministry spokesman said Thursday that the government does not believe Pyongyang will reopen the old reactor. Officials privately say North Korea is simply trying to push for oil shipments by using the leverage of its nuclear threat.

Nonetheless, North Korea's rhetoric raised new concerns because of heightened tensions over the Indian nuclear testing and the unpredictable nature of Pyongyang's diplomacy. In addition, a 1994 agreement to freeze North Korea's nuclear program is already in jeopardy from economic problems in South Korea and Japan.

The closure of the nuclear power plant was a key element of the \$5.2 billion deal struck in 1994 between North Korea and a U.S.-led consortium of nations. North Korea agreed to close the plant and hand over its spent fuel in exchange for construction of two light-water reactors, whose fuel is much harder to use in weapons production. Also, the consortium agreed to provide North Korea with a half-million tons of fuel oil each year until the new power plants are completed, sometime after 2000.

Ambassador Chu Chang Jun said North Korea was angry at the United States, leader of the Korean Peninsula Energy Development Organization, for delays in providing fuel oil. Republicans in the U.S. Congress, who advocate a harder line toward North Korea, have refused to make payments to the Korean Peninsula Energy Development Organization, and some shipments of oil have been late.

Katsuji Sato, head of the Modern Korea Institute in Tokyo, said he doubted North Korea had the money or the technological know-how to restart the closed reactor.

U.S. Agencies Surprised by 2d India Tests

By Walter Pincus
Washington Post Service

WASHINGTON — The U.S. intelligence community was caught by surprise again when India announced Wednesday that it had tested two more nuclear devices, according to sources in the administration and on Capitol Hill.

As with the three larger explosions Monday, there was no warning by U.S. intelligence that India would set off two more underground tests at its Pokaran test site in the Rajasthan desert, a senior administration official said Wednesday.

The two explosions, "very small, very low yield, needed little preparation that probably would not have been visible" to satellite imagery, the official said in explaining the lack of warning.

Officially, CIA officials and other members of the intelligence community declined to comment on whether the agency had advance indications of the additional tests. But at a Senate Foreign Relations Committee hearing Wednesday, Robert Einhorn, deputy assistant secretary of state for nonproliferation, said, "I personally woke up this morning and I did not know about it."

Richard Shelby, chairman of the Senate Intelligence Committee, said of the CIA and Pentagon intelligence agencies, "Something went wrong and we are going to find out what happened."

The Alabama Republican's panel and the House Intelligence Committee were to be briefed behind closed doors Thursday by the head of the CIA, George Tenet, in his role as director of central intelligence, on various agencies' failure to warn policymakers about the Indian tests.

In Berlin, the national security adviser, Samuel Berger, said, "The president has full confidence in Director Tenet."

PAKISTAN: Islamabad Comes Under World Pressure to Refrain From Imitating India

Continued from Page 1

Council said it "strongly deplores" the Indian tests and, in an implicit appeal to Pakistan, urged it not to follow suit.

A spokesman for the Japanese government, which earlier in the week froze hundreds of millions of dollars in aid to India, said Japan had sent a message to Pakistan saying "that we would hate to find ourselves in a position where we would have to do the same to Pakistan."

"This is a real danger for all of Asia," the spokesman, Sadao Numata, told a television interviewer in Tokyo.

Prime Minister John Howard of Australia announced a suspension of defense contacts and an end to all nonhumanitarian aid for India, and urged Pakistan not to try to match India "tit for tat."

"We are very, very deeply concerned about the possibility of a nuclear arms race," Mr. Howard told reporters in Canberra.

There was no indication, however, that these appeals were changing the position of Pakistan, which has fought three wars with India since 1947 and fears another one.

India's actions, which pose an immediate and grave threat to Pakistan's security, will not go unanswered, a senior Pakistani diplomat, Munir Akram, told a UN disarmament conference in Geneva on Thursday.

Domestic pressure on the government to begin nuclear testing intensified as it became clear that India's two detonations on Wednesday were to test weapons that could be used on the battlefield against tank formations or infantry units. Foreign Minister Gohar Ayub Khan called these weapons "Pakistan-specific."

The Pakistani cabinet met Thursday but made no decision on how to proceed. Foreign diplomats in Islamabad said the final decision would probably be made jointly by Prime Minister Nawaz Sharif and his army commander, General Jehangir Karamat.

India and Pakistan launched competitive nuclear programs more than a decade ago, but both had refrained from testing nuclear weapons until India took

that step this week. For Pakistan to avoid responding would be a retreat from its long-standing policy of seeking to match India in every way.

This policy is based not simply on Pakistan's desire for prestige and recognition as a technically advanced power. It also reflects a deep-seated fear that India has never truly accepted its existence and that now, under a Hindu nationalist government, it will seek to overrun and destroy predominantly Muslim Pakistan.

In making their case that Pakistan should not begin nuclear testing, foreign leaders have sought to persuade their Pakistani counterparts that Pakistan's long-term security would be better served if it remains nonnuclear.

Pakistan's national security probably would not be enhanced by an immediate response to India's testing," said a foreign diplomat in Islamabad who is closely monitoring the debate here. "The Pakistanis have an opportunity to de-link themselves from India in this area and use the distaste generated by the tests to Pakistan's advantage. They could come out of this quite well if they put maximum pressure on the outside world to isolate and punish India, and use India's testing to draw support to themselves as a moderate and self-restrained country."

To many countries, including the United States, long used to thinking of India as a plucky democracy and Pakistan as ruled by unsavory militarists, India's nuclear tests came as a great shock. For Pakistanis they were a kind of vindication, proof that what they have been telling the West for years is true.

India's tests present Pakistan with a remarkable opportunity. If Pakistan refrains from answering in kind and keeps its nuclear genie in the proverbial bottle, it will be widely viewed as a mature and responsible state while India is perceived as a dangerous rogue.

Pakistan has been fighting for years to achieve this status, and now India has finally given it victory. This should and can be a triumphant moment for Pakistan, a turning point at which the world begins to see it and not India as South Asia's good guy. But Pakistan will only be able to seize this moment if it refrains from conducting its own nuclear test.

Domestic political pressures make it exceedingly

difficult for Prime Minister Sharif to choose that course. Emotion-charged demonstrators have taken to the streets in several cities to burn Indian flags and demand that the government reply to India's nuclear tests with its own.

Opposition political leaders are demanding quick nuclear detonations, among them former Prime Minister Benazir Bhutto, who told a television interviewer in London that without them, "India will have an upper hand and will resort to aggression against Pakistan at its own sweet will."

Beyond these political pressures lie cold strategic calculations. Foreign leaders are able to promise Pakistan the respect and gratitude of the world if it refrains from testing, and to point to sanctions imposed on India as an example of what it will suffer if it proceeds. But in the end, they cannot guarantee Pakistan's security. Many Pakistanis believe that only a nuclear arsenal can now do that.

Looking at the example of the Cold War, they draw the obvious though perhaps frightening conclusion: that to deter India from attacking them with nuclear weapons, they must have such weapons themselves. With that calculation, many post-Cold War dreams evaporate.

Some voices are being raised against the evident surge in favor of Pakistan's entry into the nuclear club. More than a few newspaper columnists and editorial writers have urged restraint and warned that Pakistan could not withstand the barrage of foreign sanctions that would certainly follow a nuclear test.

"Given the fact that the Pakistani economy is entirely dependent on foreign loans these days, an explosion seems a remote possibility," the Peshawar newspaper Frontier Post said in an editorial.

At midday Thursday, about 100 demonstrators marched through the streets of Islamabad carrying signs reading "Schools Not Bombs" and "Pakistan: Respond With Restraint."

A coalition of 12 peace and human rights groups issued a statement condemning India's tests as "a cover for war-mongering and hegemony by the present Indian regime" but urging Pakistan to "respond responsibly to the Indian provocation and renounce the path of nuclearization."

The plant is intended to keep the plutonium sealed away for 10,000 years, though the site will be sealed for longer as the bomb material will be radioactive for hundreds of thousands of years.

Katsuji Sato, head of the Modern Korea Institute in Tokyo, said he doubted North Korea had the money or the technological know-how to restart the closed reactor.

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654 DESTINATIONS. 108 COUNTRIES.



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ASIA/PACIFIC

Some Nations Prepare to Evacuate Their Citizens From Indonesia

Compiled by Our Staff From Dispatches

SINGAPORE — With rioting spreading in Indonesia, governments around the world advised their citizens Thursday against traveling to the archipelago and others prepared to evacuate expatriates.

In Washington, a U.S. official indicated that authorities were ready to implement contingency plans for an evacuation of American citizens if necessary.

The main highway to Jakarta's international airport was closed Thursday with roadblocks set up by people demanding money from foreigners and searching cars for ethnic Chinese. But the airport remained open and many flights from the capital were full.

Business Stops, Rupiah Drops and Banks Close

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia's currency plunged, business in the capital came to a standstill and foreign banks began evacuating staff Thursday after riots swept Jakarta for a third day.

The dollar climbed to 11,700 rupiah from 9,237.50 on Wednesday, driving the Indonesian currency to a three-month low.

The rupiah has lost 52 percent of its value against the dollar this year.

"The time bomb has finally exploded," said Wong Keng Siong of Dai-ichi Kangyo Bank Ltd. in Singapore.

Businesses came to a standstill at the headquarters of most large Indonesian companies in Jakarta.

Foreign business also pulled back, as Deutsche Bank AG shut branches and BankAmerica Corp. and others began moving employees out of the country. Merrill Lynch & Co., ABN-AMRO NV and others sent staff home early.

"We're getting out anyone who isn't indigenous Indonesian," a BankAmerica senior vice president said. "We're only leaving those who we have to leave, because we feel it's pretty serious."

U.S. Calls Off Military Visit To Indonesia

Compiled by Our Staff From Dispatches

WASHINGTON — The Clinton administration postponed a planned visit by a military delegation to Indonesia on Thursday, citing the situation in Jakarta and uncertainty about the officials the team would meet.

"Given the deterioration today and the situation in Jakarta, there was a literal question of getting into the country and then the question of who do you meet when you get there," the State Department's top policymaker for the region, Stanley Roth, told a congressional hearing.

The U.S. delegation was to have been headed by Admiral Joseph Preller, commander of U.S. forces in the Pacific. He was to have carried a message urging restraint by Indonesian security forces while dealing with mounting anti-government demonstrations.

Mr. Roth told a Senate subcommittee that the mission, which was to have begun Thursday, would be postponed until it could be carried out. "But the message of restraint will go forward," Mr. Roth said. "We regret that it hasn't been listened to."

The U.S. military officers had been expected to warn their Indonesian counterparts in blunt terms that the country could face collapse without restraint by the armed forces. The New York Times reported earlier.

Officials told The Times that Admiral Preller would make what one described as a "soldier-to-soldier" appeal to General Wiranto, the chief of the 400,000-strong Indonesian armed forces.

Administration officials said that the Pentagon hoped that Admiral Preller's trip would not be seen as an effort by the United States to side with the military against President Suharto or against anti-government demonstrators.

"Our concern — plain and simple — is to do what we can to prevent the violence from spilling out of control," an official said. "There is no other agenda."

(Reuters, NYT)

SUHARTO: The Question Now Is When and How, Not Whether, He Relinquishes Power

Continued from Page 1

grave enough to warrant a lengthy jail term. Just Wednesday, the English-language Jakarta Post carried yet another front-page commentary, this time by Marsilani Simanjuntak, a founder of the Forum for Democracy, saying, "Suharto has to step down first, by whatever means acceptable." He also was quoted as having said that he saw indications that "the power balance is now in favor of the demonstrating students."

The political crisis has all but eclipsed the economic one, although each feeds on the other. The wave of protest for political reform gained momentum with the government's decision last week to impose hefty price increases on fuel and electricity. This week's political turmoil took a heavy toll on the battered local currency, with the rupiah plunging Thursday to 11,700 to the dollar.

"Everybody's coming to the conclusion that this political strife situation is becoming such a problem that the economic problems, which are horrendous, are really on the back burner," said another diplomat.

Among other things, some diplomats and economists here predict that the \$43 billion economic bailout by the Inter-

The U.S. Embassy in Jakarta said it had approved the departure of dependents of embassy staff following widespread rioting in the city.

Similar requests from employees would also be considered, it said. "Private American citizens in Indonesia may wish to consider departure as well," the embassy said.

The German Foreign Ministry advised German citizens not to travel to Indonesia, except to the resort island of Bali.

France warned its citizens on Thursday not to travel to Indonesia, but did not advise those already there to leave.

In Washington, Assistant Secretary of State Stanley Roth, addressing the Senate Foreign Relations Committee on Thursday, described the

situation in Indonesia as "very dicey" and said neither U.S. nor Indonesian authorities could guarantee the safety of the 15,000 Americans in the country, 3,000 of whom are in Jakarta.

"We are spending most of today making arrangements to do what's necessary to get them out," he said. Another U.S. official, who asked not to be named, indicated that authorities were ready to implement contingency plans for an evacuation of American citizens.

"The situation in Indonesia kept us up most of the night," Mr. Roth added. "Our top priority is the safety of the American citizens in Indonesia."

His comments appeared to indicate sharply increased concern on the part of the State De-

partment for the safety of U.S. citizens in Indonesia as well as deeper worry about the worsening unrest there.

In Paris, a Foreign Ministry spokeswoman, Anne Gazeau-Secret, said the 2,300 French citizens living in Jakarta were being advised not to move around in the capital except in urgent circumstances.

Miss Gazeau-Secret said European Union embassies in Jakarta were working together to monitor the security situation for EU citizens there.

Japan, Indonesia's main financial backer, advised its citizens, including tourists, not to travel to Indonesia unless it was essential.

Tokyo said it was very concerned about the growing unrest and was closely monitoring the

situation, but said Japan's military was not yet considering sending aircraft to Indonesia to evacuate its citizens.

Japanese companies were asking families of their employees in Indonesia to leave and banning employees from making business trips there.

Singapore Airlines said its flights from Jakarta were running full and it was weighing whether to increase the frequency.

A Singapore Air spokesman said the airline, which operates seven daily flights from Jakarta into Singapore, was monitoring the situation.

Thailand's powerful army chief, Chets Thamajaro, said the Thai military was prepared to evacuate the 500 Thais living in Indonesia if the situation deteriorated. (Reuters, AFP)



A demonstrator shaking hands with a soldier who had come to quell a riot in central Jakarta on Thursday.

Frightened Chinese Fleeing 'War Zone'

By Jocelyn Gecker
The Associated Press

JAKARTA — Hundreds of desperate ethnic Chinese headed to Jakarta's international airport on Thursday, hoping to escape rioters who have targeted their shops and homes.

Airport hotels were fully booked and many people were turned away from airline counters as they tried to buy tickets on flights out of the capital, where rioting raged for a third day.

"I'll go anywhere — Singapore, Malaysia, Hong Kong, Australia," said John Lee, who was skeptical that he could

find seats for his 20 family members. The ethnic Chinese minority makes up 4 percent of Indonesia's 200 million people, but the Chinese dominate commerce and industry. They are frequent scapegoats in tough times.

Many Chinese boarded flights to Batam, a small Indonesian island near Singapore. Some families had to fly to different destinations to get out.

Fred Fuller, a businessman, waited in line to buy 10 tickets for family members to Melbourne.

"I heard that's the closest flight available," he said. "It's not that I think it's unsafe for me. It's for my kids. They

shouldn't have to experience this." At the airport, many nervous Chinese stood by luggage carts stacked high with boxes and suitcases and talked incessantly on cellular telephones.

"Jakarta is on fire. We'll go anywhere," said Slaumei Wen, a 27-year-old Chinese woman who was trying to buy plane tickets for her family. "It's like a war zone."

She said rioters stopped her brother on his motorcycle Wednesday and asked him to remove his helmet to see if he was Chinese.

"Fortunately his skin is dark enough. He can pass for Indonesian," Mrs. Wen said.

INDONESIA: Looting, Rioting and Arson Engulf Jakarta

Continued from Page 1

closed in the early afternoon, sending a fresh wave of people into the streets to witness and participate in the destruction. By early evening the airport toll road was closed.

Witnesses said mobs of people were stopping and attacking cars trying to get to the airport.

"We have to change things, even if it is very violent," said Latif, a professor of dentistry at the University of Indonesia, who turned out Thursday morning for a rally of several thousand students on the campus in central Jakarta.

Mr. Latif, who as a teenager marched in the 1966 demonstrations that led to the overthrow of President Sukarno, said that the students of today would not be satisfied by anything short of Mr. Suharto's resignation.

Like hundreds of others at the rally, he wore a black band around his neck to honor the students killed by security forces following a demonstration at Trisakti University.

Those shootings outraged the public, sparking riots on Wednesday in the streets near the university and the more widespread destruction Thursday.

The unrest has grown so severe that Mr. Suharto hinted he might step down.

At a meeting with Indonesians on Wednesday in Cairo, where he was attending a meeting of 15 developing nations, Mr. Suharto said, "If I am no longer trusted, I will become a *pandita* and endeavor to get closer to God."

"*Pandita*" is the Indonesian word for a sage, suggesting that Mr. Suharto might accept an advisory role.

But political analysts were cautioned that Mr. Suharto

made a similar concession before his re-election to a seventh five-year term in March. And Indonesia's foreign minister, Ali Alatas, played down suggestions of a resignation. "He didn't say exactly step down," Mr. Ali said to reporters in Cairo, offering a rather elliptical explanation that Mr. Suharto would heed the wishes of the people, but only within the bounds of the constitution.

At the University of Indonesia on Thursday, where demands for political change hung from the Dutch colonial administration building, the students were in no mood to debate the semantics of Mr. Suharto's statement.

"He should have left months ago," said Meli, a 23-year-old international affairs major who handed out leaflets at the rally. "But it is better late than never."

In a speech to 5,000 cheering students, Hariati Darmawan, the head of the University of Indonesia Alumni Association, warned the students not to be drawn into the mayhem outside the campus.

"The burning of the city is not being done by students," he said. "It is being done by outsiders."

But while University of Indonesia students remained on the campus, thousands of others marched through Jakarta, carrying banners.

When one crowd of students attempted to march to the University of Indonesia, they were stopped by a phalanx of riot policemen, who fired repeatedly in the air to force them back. The crowd set a car ablaze, smashed windows and tore down street signs and fences.

An even bigger threat came from mobs of young people who flooded out of the city's ghettos, starting early in the morning. These people, who have been hit hard by Indonesia's spiraling unemployment, gave vent to their feelings in a free-for-all rage against anything in their path.

As in last week's riots in Medan in North Sumatra, much of the aggression was aimed at ethnic Chinese people, who account for less than 5 percent of the population of about 200 million but control a large part of Indonesia's commerce. Banks and shops owned by Chinese were gutted, sending clouds of smoke over the ethnic Chinese district in North Jakarta.

A Reuters report said that six Chinese were burned to death in a bar. That follows the death of 12 Chinese trapped in a burning building during riots early Wednesday morning.

Diplomats said that ethnic Chinese called the U.S. Embassy in a panic Thursday, pleading for help. And they flooded highways to the airport, hoping to catch flights to Singapore or Hong Kong. Rioters looted Chinese shops in the street just behind the embassy compound.

"These people have had no outlet for their frustrations," said Hariran Siregar, a former student activist who led anti-government demonstrations in 1974 and returned to his alma mater, the University of Indonesia, to watch the protests. "When they think about political protest, they just think 'burn everything.'"

From the roof of a high-rise hotel in central Jakarta, this city of 10 million looked like a vast inferno. One could see huge columns of smoke rising in every direction, with new fires erupting every

BRIEFLY

Sri Lanka General Killed by Bomber

COLOMBO — A suicide bomber threw himself in front of a vehicle carrying a Sri Lankan brigadier general, killing the officer and two of his guards near the northern town of Jaffna on Thursday, military officials said.

The military also reported 29 more deaths in other action in the past two days.

Brigadier General Larry Wijeyaratne was returning to his fortified camp after bidding farewell to the residents to take up a new post in Colombo, the capital, the military said. Thursday was his last working day at Vadamarachchi, the coastal town where Velupillai Prabhakaran, leader of the rebel group Liberation Tigers of Tamil Eelam, was born.

There was no claim of responsibility, but the military blamed the rebel group. The body of the suicide bomber disintegrated from the force of the blast, but military officials said she apparently was a member of the elite suicide squad known as the Black Tigers. (AP)

Cult Leader's Wife Sentenced in Tokyo

TOKYO — The wife of the leader of a Japanese doomsday cult who is accused of masterminding a nerve gas attack on the Tokyo subway in 1995 was sentenced Thursday to seven years prison for her part in the murder of a cult follower.

Tomoko Matsumoto, 39, wife of Shoko Asahara, the head of the cult Aum Shinrikyo, was convicted by Tokyo District Court of conspiring with her husband and other cult members to kill the follower, Kotaro Ochiai, when he tried to leave the cult.

Mr. Asahara, whose real name is Chizuo Matsumoto, is facing 17 charges for planning the subway gas attack that killed 12 people and made 6,000 ill. (Reuters)

India Leader Faces Kickback Charges

NEW DELHI — A powerful ally of India's new governing coalition was formally charged Thursday with taking kickbacks when she was the head of a state government.

J. Jayalitha, whose populist southern regional party helped Prime Minister Atal Bihari Vajpeyi win his first vote of confidence in March, appeared in a court in Madras to hear the charges along with 10 other persons, the United News of India agency reported. Investigators say the 11 took a total of 106 million rupees (\$2.7 million) in kickbacks. (AP)

Arson in Macau

MACAU — Sixteen motorcycles and a van were set on fire Thursday in a fresh wave of arson attacks in Macau, the police said. No one was known to have been injured. The police said they suspected the attacks were committed by members of the 14K triad gang, whose alleged boss, Wan Kiu-koi, is being detained on preliminary charges of criminal association. (Reuters)

few minutes. Police helicopters circled, while down on the streets, ambulances weaved their way through crowds of people chanting and clapping at each intersection.

Above all the cacophony, the Muslim call to prayer echoed hauntingly from mosques across the city.

Soldiers and policemen guarded universities and government buildings. But the two groups reacted differently to the encroaching mob. Riot policemen stood warily with their plastic shields covering their faces, while the soldiers, wearing camouflage fatigues and plum-colored berets, strode casually into the crowds of people, shaking hands and clapping on some of the back.

Despite their large numbers, the soldiers and policemen seemed outnumbered by the surging crowds. Rioting and looting came within blocks of the city's most expensive hotels — an enclave that the armed forces are determined to protect. Rioters stormed into a department store next to the Sari Pan Pacific Hotel, smashing windows and hurling clothes to people on the street below.

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Clinton, in Kohl to Ha
Veteran Fliers Att

By Don Balk

Associated Press

BERLIN — Gail Halvorsen was

young pilot when the United States

EUROPE

Clinton, in Berlin, Joins Kohl to Hail '48 Airlift

Veteran Fliers Attend Commemoration

By Dan Balz
Washington Post Service

BERLIN — Gail Halvorsen was a young pilot when the United States and other Western allies launched the Berlin Airlift in the summer of '48 to break a Soviet blockade of the city. "I thought it would be over in a few weeks," he said. Instead of a few weeks, the blockade lasted 11 months and the airlift continued for 15. Over that time, allied planes flew more than 278,000 sorties, or individual missions, into Berlin.

Mr. Halvorsen flew 190 of those himself and was back in Berlin on Thursday to commemorate the 50th anniversary of one of the boldest chapters in American and European history and one of the most audacious examples of airpower ever seen.

If it was a month short of the real 50th anniversary, no one seemed to mind. President Bill Clinton joined Chancellor Helmut Kohl at Tempelhof Airport in Berlin to praise both the courage of crews that kept the city alive and the spirit of the people in Berlin in the face of Soviet aggression.

The cooperation between the allied military forces and the people of Berlin made the city a symbol of resistance to Soviet expansionism. The airlift also helped transform German-American relations.

As Mr. Clinton put it Thursday, "Western allies became protectors, instead of occupiers, of Germany."

He and Mr. Kohl were joined by some of the veterans of the airlift and by thousands of Berliners who cheered the contribution of the American pilots and their own spirit of determination to survive. Mr. Clinton called Tempelhof Airport "the first battlefield of the Cold War."

On the runway on Thursday there was a little C-54 cargo plane that Western pilots used to ferry flour and coal, food and medicine into Berlin around the clock for those 15 months, landing every 90 seconds at the peak of the operation. Hovering over the C-54 was a huge, modern C-17 cargo plane, christened by Mr. Clinton and Mr. Kohl as "The Spirit of Berlin."

Kenneth Herman was one of the American veterans on hand for the events. He was 25 years old when the airlift began and over the next 15 months flew 190 sorties.

"We knew we were tasked to keep the Russians from forcing the allies out of Berlin," he said. "We were not about to allow a repressive-type government such as the Communists take over all of Berlin."

Mr. Halvorsen, whom Mr. Clinton mistakenly referred to as "she" in his speech, talked about the scariest moment of his airlift experience, the day in August 1948 when air traffic controllers in Berlin lost control of the planes supplying the city. Mr. Halvorsen was at 10,000 feet when, suddenly, another plane appeared at the same altitude. "We came on," he said. "We just missed by a few feet."

Mercedes Wild, who was a little girl longing to receive a candy drop from the allied planes, told the audience that the planes were bringing not only supplies but also "the hope of freedom" to the residents of Berlin. "As children we had learned to fear the sound of planes, but we didn't fear these," she said.

Both Mr. Clinton and Mr. Kohl used the memories of the airlift to encourage the same kind of resolve and determination in the reshaping of Europe after the Cold War.

"I hope both Americans and Germans will always remember the lesson of what happened here 50 years ago," Mr. Clinton said. "We cannot relinquish the responsibilities of leadership, for the struggle for freedom never ends."

Later he and Mr. Kohl left Berlin for Eisenach, a small city in the former East Germany that is suffering economically.

The two leaders toured an Opel car plant that General Motors opened in 1992 to promote foreign investment in eastern Germany and later they spoke to an enthusiastic audience packed into Eisenach's picturesque town square.

Mr. Clinton praised Mr. Kohl, who faces a difficult re-election fight this year, during an afternoon that had all the appearances of a presidential campaign.



Chancellor Helmut Kohl and President Bill Clinton listening Thursday at Tempelhof Airport to remembrances by Gail Halvorsen, one of the many American pilots during the 1948 Berlin Airlift.

Italy Coalition Endangered By Hard Left's NATO Stand

Compiled by Our Staff From Dispatches

ROME — Strains appeared in Prime Minister Romano Prodi's government Thursday after the Refounded Communist Party, which supports Mr. Prodi in Parliament, voted against the enlargement of NATO and warned of a possible government crisis.

"I hope not, but I can't deny that it exists," Neri Nesi, head of party's economic department, told a television interviewer of the risk of the government's falling. "This is not the only difference we have," he added, "and when I use the word 'difference' I am being very diplomatic."

The far-left remnant of the former Communist Party voted against a Senate resolution late Wednesday on the enlargement of the North Atlantic Treaty Organization to include Poland, Hungary and the Czech Republic.

The measure nevertheless passed in the upper house, 116 to 9, with 3 abstentions, as the center-right opposition and centrist parties also voted for it.

The Refounded Communists hold 11 seats in the Senate, and the coalition government does not depend on the party for its majority there.

But Mr. Prodi's government, which marks its second anniversary in office Saturday, relies on the 34 Refounded Communists in the lower house, which is expected to vote on NATO expansion in the next few days. The party said it would also vote against expanding the alliance in the Chamber of Deputies.

"If Refounded Communists decides to vote against the majority, I think the government will fall," said Massimo D'Alema, head of the Democratic Party of the Left, the main coalition member.

The head of the Refounded Communists, Fausto Bertinotti, pushed the government to the brink of collapse last year when it voted against sending peacekeeping troops to Albania. The center-right opposition said Mr. Prodi by approving that measure.

"Our aversion to NATO runs very deep," he said. "Besides, it is not the first time we disagree with the government on foreign policy."

The opposition Freedom Alliance led by former Prime Minister Silvio Berlusconi is expected to vote for NATO expansion in the lower house, but political commentators say that if Mr. Prodi must rely on the opposition again it could be a major blow to the strength of his government.

(Reuters, AP)

Missile Expert Warns of '100s of Chernobyls'

By David Hoffman
Washington Post Service

MOSCOW — A Russian specialist on strategic missiles has warned that Russia's older submarine-based nuclear-tipped rockets are wearing out and has publicly criticized the military leadership for prolonging their use, which he said risks a catastrophe.

The specialist, Yuri Balashov, said in recent interviews that military leaders had kept sea-based missiles on duty without having undergone thorough individual checks. In surprising detail, Mr. Balashov described how the liquid-fueled intercontinental ballistic missiles, which carry nuclear warheads, have been corroded and degraded by age, making them potentially unreliable.

He said corrosion and "natural weakening" of the rockets' metal parts heightened the risk of an unintended explosion. Russia is risking "hundreds of Chernobyls" by keeping the rockets in service, he said.

Russia Tightens Nuclear Sales

Export-Control Monitoring Units to Be Set Up in Companies

Reuters

MOSCOW — Russia will tighten export controls on missile and nuclear technologies by setting up specialist monitoring units in the companies concerned, a Kremlin spokeswoman said Thursday.

She was confirming comments made to the Itar-Tass press agency by President Boris Yeltsin's press secretary, Sergei Yastrzhembsky.

Mr. Yastrzhembsky was quoted as saying, "The proliferation of nuclear and other types of weapons of mass destruction, of technologies for producing them, and the means of delivery, especially in countries adjacent and near to Russia, are considered a serious threat to Russia's security."

BRIEFLY

Mr. Balashov did not identify the type of missile he was referring to, but it was clear he was describing the SS-N-18, a two-stage, liquid-fueled missile which carries three nuclear warheads. Russia has 208 of the missiles deployed on Delta III class submarines in its Northern Fleet, according to its arms treaty declarations.

The first SS-N-18 missiles were deployed 20 years ago and are believed to be nearing the end of their service life. Mr. Balashov, 64, who lives in the Siberian city of Krasnoyarsk, worked until recently preparing documents certifying the readiness of such missiles and said he decided to speak out because military leaders were pushing the weapons too far and his protests were being ignored.

Western analysts and policymakers have long debated the dangers of Russia's elderly strategic missile forces. Russian officials have denied that there are safety problems.

Mr. Balashov's comments follow a still unexplained incident aboard a Rus-

sian nuclear-missile submarine in the Barents Sea on May 5. According to a Western source, the stricken submarine-launched rocket for help had to be escorted to its base on the Kola Peninsula in northern Russia.

At the time, panic swept the northern cities of Murmansk and Severomorsk, Russian press agencies reported. Schools were closed, and residents bought iodine to counter the effects of a possible radiation leak. Two days later, officials said there had been no accident and there was no reason for panic. Vice Admiral Mikhail Barksay said "regular planned exercises" were taking place.

But the Western source called the "exercises" a cover story to disguise the fact that there had been a leak or explosion in the fuel tank of one of the missiles aboard the submarine. The source said that there was no radiation leak but that the missile was damaged, apparently by its highly toxic fuel.

Alexei Tarasov, the Izvestia correspondent who interviewed Mr. Balashov, said the Federal Security Service, the domestic agency that succeeded the KGB and monitors military establishments, had prohibited Izvestia from publishing the precise designation

of the missile. The description, however, fits the SS-N-18, which is a NATO designation for the 47.8-foot, 77,836-pound submarine-launched rocket that the Russians call the RSM-50.

Mr. Balashov said he was moved to speak out by a statement made recently by the head of the land-based strategic missile forces, General Vladimir Yakovlev, who said that 62 percent of Russia's strategic rockets and 71 percent of the guidance systems were beyond their guaranteed service life while their combat readiness had not decreased.

He said that the rocket uses volatile fuel that can explode if the canister is broken and fuel comes into contact with water. Enamel paint applied to the rockets in the 1970s and 1980s had blistered and peeled and that the thin walls of the missiles — two millimeters thick — were scraped repeatedly to remove the paint. "Can the guarantee period of this rocket be extended?" he asked.

"Let's say a rocket explodes in its storage site," Mr. Balashov said. "Near it are other rockets which will also explode. You can't hide the fact that nuclear warheads are also kept not so far away. We can end up with hundreds of Chernobyls."

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Synagogue Bombing in Moscow Condemned

MOSCOW — The Israeli Embassy and Jewish religious leaders have denounced the bombing of a Moscow synagogue as a sign of rising anti-Semitism in Russia and urged the authorities to clamp down.

The explosion ripped through the Lubavitch Marina Roshcha synagogue in central Moscow late Wednesday. Nobody was seriously hurt in the blast.

"Israel condemns this act of sacrilege directed against the Jewish community," the country's embassy said in a statement.

Vladimir Gusinsky, a leading businessman and the head of the Russian Jewish Congress, took national leaders to task, saying that they were too complacent about the popularity of Nazi symbols and slogans among sections of the country's youth.

The U.S. Embassy also condemned the bombing of the synagogue. Uncowed by the bombers, hundreds of Moscow's Jews went ahead with a planned street parade to mark a religious holiday.

Rabbi Berel Lazar of the bombed synagogue said: "We're going to parade through the streets to show the pride of the Jewish people and that we are not afraid."

INTERNATIONAL

Argentine Floods Give President a Lift in Polls

By Clifford Krauss

New York Times Service

HERRADURA, Argentina — In his nearly nine years in office, President Carlos Saúl Menem has subdued 4,000 percent inflation, calmed mobs, cut the military's budget and slashed the government bureaucracy.

Now, as the worst flooding this century has spread across Argentina, Mr. Menem is again seeing opportunity in adversity.

The flooding, which began in April, has devastated scores of towns and farms in the north and in Patagonia. But it has given Mr. Menem, whose popularity is flagging because of rising crime, high unemployment and persistent reports of government corruption, a chance to rehabilitate himself.

Mr. Menem, 67, may even be able to run for a third term, although he faces constitutional hurdles.

El Niño, the Pacific Ocean warming phenomenon that affected global weather this year, has made much of South America a wet mess, causing mud slides, destroying crops and killing more than 200 people from Ecuador to Uruguay, while inflicting a drought on Brazil.

Here in Argentina, 100,000 people have been forced from their flooded homes. Cotton, rice and soybean crops have been crippled, and cattle have been left stranded. Total damage exceeds \$1.5 billion.

From an economic standpoint, the flooding is a problem. Mr. Menem could

well do without. But just as President Alberto Fujimori exploded the floods that inundated Peru last year and lifted himself yet again in the polls, Mr. Menem is trying to remind the Argentine people that he is still a take-charge leader.

He staged a well-publicized early departure last month from the summit of hemispheric leaders in Santiago to demonstrate that he was supervising flood relief. Now he is traveling his country's back roads in a van, looking more and more like a candidate preparing for elections next May.

Mr. Menem is opening water pumping stations, consoling refugees and forgoing overdue oil credits for farmers stricken by the floods. He has promised up to \$1 billion in aid to reconstruct roads, schools and housing.

As Mr. Menem climbed out of a helicopter to tour this swampy river town 950 kilometers (600 miles) northwest of Buenos Aires, mothers handed him their babies for presidential kisses while farmers offered him ornamental cups for tea in appreciation for the government flood aid they had received.

Such images have been pervasive in the newspapers and television news programs in recent weeks, promoting a slight recovery for Mr. Menem in the polls.

Speaking before a crowd of 400 in Herradura's town square, he said: "This government will not abandon you. We'll stand by you until this crisis passes."

Coupling criticism that his government should have anticipated the flooding and responded with relief faster, he



added, "I ask all my political opponents that they don't politicize this crisis."

Juan Carlos Torre, a political scientist at the Di Tella Institute, a research group in Buenos Aires, recalled that General Juan Domingo Perón catapulted his political career by leading a relief campaign for victims of the 1944 earthquake in San Juan province.

"I believe Menem is trying to repeat what Perón did," Mr. Torre said.

"But will he have the same success?"

I can't say. Perón was on the rise then, and now Menem is on the decline."

Mr. Menem has not declared his candidacy, and the constitution forbids him from seeking a third term. But his backers are seeking to change the constitution, either by congressional action, a decision by the Supreme Court, or in a plebiscite. Over the last several weeks, posters have popped up across Buenos Aires warning that Mr. Menem's departure from office could bring chaos, while the president has been coy about his intentions.

Jorge Azcarate, Mr. Menem's deputy press secretary, said, "President Menem doesn't want to talk about re-election now. He's totally busy with the floods."

But Mr. Menem has used the floods to undercut the candidacy of Eduardo Duhalde, the Peronist governor of Buenos Aires Province, by putting Ramón Ortega, the governor's main opponent for the party's nomination, in charge of the relief effort.

Mr. Ortega, the social welfare secretary, is considered a stalking horse for the president by most political observers, and Mr. Ortega probably will run only if the president's backers cannot change the constitution to permit a third term.

Since the Peronists lost control of Congress in elections in October, the two leading opposition candidates for president have led in the polls against Mr. Menem, Mr. Duhalde or Mr. Ortega.

ROXANNA SLADE

By Reynolds Price. 301 pages. \$25. Scribner.

Reviewed by Richard Bernstein

READING Reynolds Price's novel "Roxanna Slade" is like sitting through a long and languid North Carolina evening full of fireflies and the sound of cicadas and listening to an intimate summing up of a hard life.

Roxanna Slade, Price's protagonist and narrator, remembers the loves and chronic trials of her 92 years, bordered by her elders' memories of the Civil War at one end and an addiction to momming soap operas at the other. She speaks with the homespun eloquence of the natural raconteur, her diction studed with glistening, vernacular similes, unvarnished shards of wisdom.

"I've watched a few dozen people through their long lives and I see that, unless they go crazy or are addicts, they just stay who they were from the day they were born," she intones at the end of her long, unsentimental narrative. "I don't mean that people learn nothing from life, but the heart and souls they bring with them as they leave what Miss Olivia called 'their mother's fork' are extremely persistent."

There is considerable pleasure in this prolonged exposure to Roxanna Slade, born Anna Dane Price, a writer from Roxanna's own North Carolina with about 30 books to his credit, has fashioned her out of pure Southern sympathy and understanding, making her a richly parochial figure, a sort of familiar stranger in our midst. It must also be said

that "Roxanna Slade" is so slowly paced, so ordinary in its preoccupations that, in this age of quicker, more catastrophic drama, it may test your patience.

But Roxanna's free-spirited, leisurely account of an unexceptional life is well told, and Price shows a great gift for occupying the mind of a woman facing her 10th decade with a kind of lonely, elegiac resignation. Strong-willed, undaunted, certainly devoid of any traces of self-pity, Roxanna tells a poignant story about what she terms her "uneventful life." Her life is not exactly uneventful, but its tragedies are less searing than they are quiet, unfussy endured. At times, Price's story seems as circumscribed as the narrow swath of North Carolina where Roxanna spends her entire life. We read along, appreciating "the profound consequence of ordinary lives" (as a back-cover blurb by Charles Frazier puts it). At times, we read dutifully, politely and indulgently of an old woman somewhat too attentive to detail, but always we are impressed by the intelligence of Price's creation, the charming fearlessness of Roxanna's vision.

The story begins in 1920, on Anna Dane's 20th birthday, when she is brought by her brother Fern to a house by the river to meet the Slade family, especially young Larkin Slade who "wore a curious close glove of light all around him," a "cleaner light than the actual sun and a lot more active." Quickly Roxanna and Larkin fall in love and then, simply and suddenly, Larkin dies, "leaving me off stride for the rest of my life."

The early chapters are Price's best. Roxanna emerges in them with her distinctive voice, her archaic similes rolling richly off her tongue — "plain as dry rice," "gray eyes, earnest as any dying child's," "alone as a crow on a dead tree." More than ever, she declares, "I knew where the ruts and cracks ran through my being. And I understood what a big proportion of my deeds and words was meant to strengthen my own frail hands in grasping the world."

A stalwart independence becomes clear as Roxanna declares her philosophy, especially about the complicated, ambiguous, morally tainted relationship between black and white that will assume ever more importance. Her home is a South where Civil War veterans still roam the land on wooden legs and blacks play a role of exquisite ambiguity. Blacks were the secret mistresses of white men, the unacknowledged half brothers and sisters of those for whom they worked, and they were the objects of public contempt. "If white men in my day did badly to Negroes, white women did worse," Roxanna declares, admitting her own complicity in the "whole dark boar of racial hate."

Roxanna is a kind of balladeer of private life in the South of the generation now passing from the scene. She admits midway through that her song involves "little more than a drab-colored village e'eve — certainly not the official state fair with charming lights and music and giants." There are longueurs in this novel, but generally Price succeeds by virtue of the vigor of his main character, the modestly indomitable Roxanna who promises to stay in the mind long after the final page has been turned.

New York Times Service

BOOKS

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"More than ever," she declares, "I knew where the ruts and cracks ran through my being. And I understood what a big proportion of my deeds and words was meant to strengthen my own frail hands in grasping the world."

A stalwart independence becomes clear as Roxanna declares her philosophy, especially about the complicated, ambiguous, morally tainted relationship between black and white that will assume ever more importance. Her home is a South where Civil War veterans still roam the land on wooden legs and blacks play a role of exquisite ambiguity.

Blacks were the secret mistresses of white men, the unacknowledged half brothers and sisters of those for whom they worked, and they were the objects of public contempt. "If white men in my day did badly to Negroes, white women did worse," Roxanna declares, admitting her own complicity in the "whole dark boar of racial hate."

Roxanna is a kind of balladeer of private life in the South of the generation now passing from the scene. She admits midway through that her song involves "little more than a drab-colored village e'eve — certainly not the official state fair with charming lights and music and giants."

There are longueurs in this novel, but generally Price succeeds by virtue of the vigor of his main character, the modestly indomitable Roxanna who promises to stay in the mind long after the final page has been turned.

New York Times Service

Still Leading, Estrada Blasts Pace of Vote Tally

Copied by Our Staff From Dispatches

MANILA — Vice President Joseph Estrada, the main opposition candidate, retained a strong lead Thursday in the Philippine presidential election amid escalating criticism over the slow pace of vote-tallying.

Counting of senatorial races, due to start in Manila on Thursday, was delayed for at least a day after provincial tally sheets failed to arrive. Mr. Estrada's party claims that the government has pressured local authorities to slow the count from Monday's election to

allow cheating by the ruling party.

(AP, AFP)

But Mr. Menem has used the floods to undercut the candidacy of Eduardo Duhalde, the Peronist governor of Buenos Aires Province, by putting Ramón Ortega, the governor's main opponent for the party's nomination, in charge of the relief effort.

Mr. Ortega, the social welfare secretary, is considered a stalking horse for the president by most political observers, and Mr. Ortega probably will run only if the president's backers cannot change the constitution to permit a third term.

Since the Peronists lost control of Congress in elections in October, the two leading opposition candidates for president have led in the polls against Mr. Menem, Mr. Duhalde or Mr. Ortega.

the four-spade contract was almost though not quite impregnable. A normal defense would begin with a top heart lead and a shift to a trump, South would play dummy's trump. Instead he cashed a heart winner and did not make the mistake of leading another trump. Instead he cashed a heart winner and played the club nine on the club nine. South cashed three club winners, discarding a diamond and a heart, after which he can enter his hand with a diamond ruff to ruff a heart.

But Kaminsky did not make the obvious heart lead. Smelling a potential heart ruff in the dummy, he led a trump. South put up the king, but Blau did not oblige by winning the ace and removing the dummy's trump. Instead he held up the ace and the contract was doomed.

South took three club winners, throwing hearts, and threw another heart on the club nine. West ruffed and did not make the mistake of leading another trump. Instead he cashed a heart winner and played the club nine on the club nine. South cashed three club winners, discarding a diamond and a heart, after which he can enter his hand with a diamond ruff to ruff a heart.

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INTERNATIONAL

A Settlement Finds Itself at Center of Israel's Percentage Wars

By Serge Schmemann
New York Times Service

OTNIEL, West Bank — Perched on an isolated hilltop south of Hebron, 15 kilometers from any other Jewish settlement, Otniel has a direct stake in the percentage war being waged in distant Washington between Prime Minister Benjamin Netanyahu of Israel and the Clinton administration.

If no agreement is reached, the Palestinian hayfields and the roads around them will remain under full Israeli control and Otniel will have a chance to expand and fulfill its divine mission of settling the Promised Land.

Even in these isolated hills, Otniel has no fence or barbed wire around its 380 settlers, a testament to their conviction that all this is Jewish land.

That is why Otniel was founded to begin with in 1983, and why most of the 140 West Bank settlements were planned in lands occupied by Israel in the 1967 Arab-Israeli war, to create "facts on the ground" that would make it difficult for any future government to give the West Bank back to the Arabs.

The prime minister's current bind testifies to the effectiveness of that strategy.

If Mr. Netanyahu does agree to withdraw, whether from 9, 11 or 13 percent of the West Bank, the areas around Otniel would most likely come under joint Israeli-Palestinian control.

And if a final agreement is reached, Otniel would become a Jewish island in a Palestinian state, anathema to the 161,000 settlers who view their presence in the



A Palestinian boy standing in a family field outside Otniel, a Jewish settlement surrounded by Arab farmland. (AP Wirephoto)

ISRAEL: Soldiers Shoot Palestinians

Continued from Page 1

and pain in our modern history has come to a close," he declared. "The nakkah has thrown us out of homes and dispersed us around the globe. Historians may search, but they will not find any nation subjected to as much torture as ours."

Arafat Faults Israeli Army

An Israeli Army spokesman said soldiers opened fire only when their lives were in danger, but Mr. Arafat accused the troops of killing innocent civilians, news agencies reported.

"Although the demonstrations were peaceful, the Israeli Army started shooting live bullets at our people," Mr. Arafat said at the start of a hastily called cabinet meeting.

As the street battles flared, Mr. Arafat urged his people to overcome their bitter history and forge an independent state with Jerusalem as its capital.

"We have a place under the sun," he proclaimed in a radio address broadcast across the West Bank and Gaza.

Mr. Netanyahu, meanwhile, who was in Washington for talks with Secretary of State Madeleine Albright, denounced the protests as "a pressure tactic."

"It's very simple and very easy to whip up a frenzy of hatred and to whip up violence," he said.

"It is important for the Palestinians to understand that we will not countenance

West Bank as a sacred stake in the biblical Land of Israel, and to many members of Mr. Netanyahu's governing coalition.

"Both options will be a real threat to our existence," said Uri Zilberman, head of the local council that administers the handful of scattered Jewish settlements south of Hebron.

"We will oppose any such decision," he said, "using any possible means. I do not believe that our prime minister, who

won the elections by saying that he was opposed to the Oslo agreements and by promising peace and security, could reach such a decision."

Up in Jerusalem, Mossi Raz, the chairman of Peace Now, spreads out his own maps, on which not only Otniel, but about two dozen of the West Bank settlements, are white dots in a Palestinian sea. The map is the political left's idea of how the "further redeployments" man-

dated by the 1993 and 1995 Oslo agreements between Israel and the Palestinians should end up.

"The conceptual difference is whether you see the settlements as the islands or the Palestinian areas as the islands," Mr. Raz said. "If you insist that all settlements and the roads to them remain under Israeli rule, there's no chance to achieve peace."

These, in a nutshell, are the forces



Israeli border policemen holding back Palestinian demonstrators during clashes in East Jerusalem on Thursday. (AP Wirephoto)

PORTUGAL: With Expo '98, Entry Into the Euro and Giant Bridge, Signs of National Renewal Are Everywhere

Continued from Page 1

An extraordinary aspect of the change is the Portuguese willingness to acknowledge the incomplete and still painful zones of gray and black in the country's transformation.

In a series of conversations, not a single official ran from the responsibility of Portugal's exceptional levels of poverty, inadequate health care, poor education, substandard wages or spartan-like bureaucracy. Rather, a cabinet-level expert spent time, calculator and budget summary in hand, laying out for a visitor the percentages and millions of escudos that the country was falling short in reaching what the government considers acceptable European performance levels.

What Portugal has done so well is leave the statist mentality created over most of this century by the quasi-fascism of the Salazar era and then the leftist excesses that followed the 1974 revolution. The achievement, according to the Organization for Economic Cooperation and Development, has been four years of "unusually balanced economic

expansion" and "steady improvement in economic fundamentals."

In 1998, this works out to a projected growth rate of 3.75 percent and unemployment of 6.8 percent, markedly better than the scores of Germany, France or Spain. Real wages have increased and, with them, disposable income.

Much of Portugal's movement forward has been based on low relative wage costs, privatization of horribly inefficient state-run companies and a general modernization of life. Workers here now earn about a third the pay of their counterparts in Britain or France, while their productivity is 73 percent of the European Union average. With the coming of the euro, though, exchange rate advantages will disappear and Portuguese workers will be able to directly compare their salaries or, if they hadn't already — to those in Euroland's biggest countries.

They will be making other comparisons, too. The OECD says health care in Portugal is improved, but "inadequate in relative terms." This means that life expectancy for men between 40 and 65 is the worst among the EU countries and fairly close to the level of Mexico. A

Portuguese literacy study two years ago showed that 47 percent of the 15-to-64 age-group could barely read or do simple arithmetic. Overall, an EU study, made public last year but based on 1993 figures, put 26 percent of Portuguese households below the poverty line, the worst record in the community.

This year, according to figures from the Socialist-led government, spending on education and health will amount to 5.6 and 4.5 percent of gross domestic product, or below average levels in the EU. In order for Portugal to continue moving ahead, productivity must increase, and for it to do so, the level of education and technical competence has to rise as quickly as possible. It's here that all the satisfaction in seeing how far the country has come abouts the road ahead.

The nonbluster of the new Portuguese style makes things seem tough, but hardly impossible.

"I must confess," said Fernando Teixeira dos Santos, secretary of state for finance, "it's difficult to say how we'll conserve our advantages. We've got to deal with productivity and edu-

cation. Our comparative wage advantage will disappear, but I want to believe that we can be a very good service economy and emerge in the area of technology."

"We've got some natural advantages: A good, strategic location in relation to Africa and the Atlantic. We can exploit it. We are doomed to be lost again."

Joao Soares, the mayor of Lisbon, goes as far as saying that in spite of great progress he is not unwaveringly optimistic. Although education is the province of the central government, he is starting pre-school classes in Lisbon because he believes they cannot wait.

"And even then, not everything gets resolved by sheer will," he says. "When it's a matter of society and education, you have to think in terms of generations of effort."

Out at Expo, where the theme is the world's oceans and the star is a new and ambitious aquarium, the first thing they say is that if putting it up cost about \$2 billion (this year's health budget comes to \$5.8 billion), 65 percent of it will be paid back to the state. The Expo site on

pulling Mr. Netanyahu in opposite directions at this fateful juncture. He has tried, apparently with some success, to portray the contest as one between him and a U.S. administration intent on imposing on him a decision inimical to Israeli security interests.

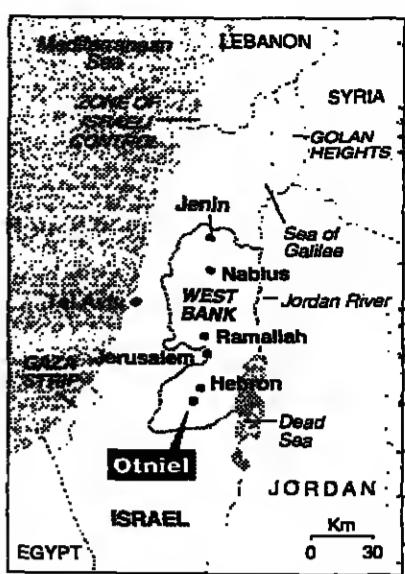
Secretary of State Madeleine Albright has countered that the United States is only trying to "issue a wake-up call" that the entire Middle East peace effort was at a crossroads.

Even if Mr. Netanyahu compels President Bill Clinton to back off this week, the problem will not go away. That was essentially the message issued by Ariel Sharon, the hawkish infrastructure minister, when he refused even to attend the Albright-Netanyahu meeting on the premise that Mr. Netanyahu had no authority from the cabinet to bargain on these matters.

Mr. Sharon is a pivotal figure in the debate, because it was he who drew the maps according to which any withdrawal over 6 percent was "painful," and any pullback beyond 9 percent "causes very, very great danger to Israel."

And it was he, as a key member of the last Likud government, who helped plan the settlements on strategic hilltops throughout the West Bank that now make the withdrawal so difficult.

Over the last months, Mr. Sharon has often taken reporters, visitors and legislators on his special tour of the West Bank, on which he argues that Jews must retain control of the Jordan Valley, the Judean desert, approaches to Ben-Gurion Airport, major aquifers, east-west



The New York Times

routes across the West Bank and safe access to each of the 126 settlements.

"With his approach, we really have to reconquer the whole West Bank," argued Mr. Raz at Peace Now. "If they're going to hit Ben-Gurion Airport, why can't they hit the Knesset now from Ramallah?"

One problem in following the debate is that Mr. Netanyahu has never even shown his own cabinet the maps on which it bases its arguments, and the U.S. government has never suggested which 13 percent to cede, accepting that this is something Israel must decide.

Earlier this month, David Makovsky of the newspaper *Ha'aretz* pieced together government statements for a detailed approximation of what Mr. Netanyahu's map probably looks like. He said the bulk of the transfer would be in the area of Jenin and Nablus in the north, and in the area around Otniel in the south.

In each zone, some of the land transferred from full Israeli control to joint Palestinian-Israeli control would encompass isolated settlements like Otniel. That, presumably, is why withdrawal even from 9 percent is deemed "painful" by Mr. Sharon.

"Netanyahu himself has said that every percentage is the size of Greater Tel Aviv," said David Bar-Ilan, Mr. Netanyahu's director of communications. "As long as the settlements are there, and in the interim they must stay, there is some danger in surrounding them with land controlled by the Palestinians. I don't have to tell you how much incitement there is against Israel and the settlements, and it would involve a tremendous amount of defense capacity just to defend them."

Mr. Bar-Ilan noted that there was a difference between taking such risks in an interim agreement and in a final peace treaty.

But with Mr. Netanyahu standing by his refusal to yield more than 9 percent, the specific issue of percentages has essentially transformed what was originally envisioned as a stage in a greater process into a pivotal question over the fate of the entire Oslo process.

"It's all politics," said Saeb Erekat, a senior Palestinian negotiator. "Netanyahu has a zero-sum mind. He has to show the Israelis that he can beat someone — Yasser Arafat, or some cabinet member, or the opposition — and now he has to run over President Clinton."

BRIEFLY

Mexican Official Faces Hearings

MEXICO CITY — The Morelos state legislature has opened impeachment proceedings against the region's governor after he delayed taking a leave of absence.

Governor Jorge Carrillo Olea has been under pressure to step aside after top officials were linked to a wave of kidnappings and the governor was accused of ties to drug traffickers.

After Mr. Carrillo announced Tuesday that he was taking an indefinite leave of absence, legislators met Wednesday to decide on a temporary replacement for Mr. Carrillo, but were unable to agree.

On Wednesday night, the ruling party of which Mr. Carrillo is a member requested that he postpone his leave of absence, and he agreed, news media reported. But instead of electing a successor, the opposition lawmakers — who hold a majority in the state legislature — began impeachment proceedings against Mr. Carrillo. (AP)

Rwanda Relents

KIGALI, Rwanda — The mission of the United Nations High Commissioner for Human Rights' in Rwanda can stay, a spokesman for the president said Thursday.

President Pasteur Bizimungu officially suspended the mission Saturday for at least two weeks.

The president's order came shortly after a visit to Rwanda by the UN secretary-general, Kofi Annan. He was snubbed by officials in Kigali who accuse the United Nations of failing to act to prevent the 1994 genocide in which Hutu extremists killed at least half a million Tutsi and moderate Hutu. (AP)

For the Record

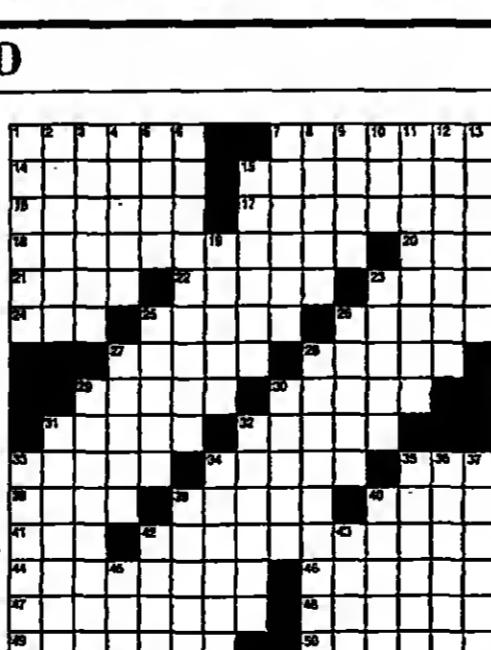
Eritrea denied Thursday that its forces had invaded Ethiopia and said instead that Ethiopian troops were responsible for a border skirmish that has soured relations. On Wednesday, Ethiopia accused Eritrea of invading its territory and warned that it would retaliate unless the troops withdrew. In a statement, Eritrea said that Ethiopian troops made an incursion May 6 along the southwestern border with Ethiopia. (Reuters)

CROSSWORD

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7 Chickadee, e.g.
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15 Mexican dance music
16 With enthusiasm
17 "Green Eyes," singer Helen, in 40's music
18 42-Across's claim to fame
20 West's opposite
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22 Redolent rub-ons
23 Wrapper weight
24 Quasi-educational grp.
25 Jazz pianist Chick
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29 Country singer Stuart
30 Plastic alternative
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34 Deliver dinner

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1 Ancient amulet
2 Lingers watchfully
3 Grift for "Jeopardy!"
4 Broke off
5 Order
6 Sluggards
7 Port on Commencement Bay
8 Loghods?
9 Pantry items

Solution to Puzzle of May 14
DRAFT BABY HOT RECUR CUOMO IRA ACRES ALTAR NIX BLOODANDTHUNDER BARRON LASAGNA LIDS NICE PUTT ENS ALDIA TSEYSE SWEATHOGS JOSTILE CAST ARA ETINA RHYNS MIEN THEROSEUNARNS TEARSONMYPILLOW LILK ARTIE CLIVE ELLI GEEBA HONER SON ELDER EVERS



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CLINTON: Basking in Adulation in Berlin

Continued from Page 1

an unprecedented fifth term in office, Mr. Clinton's effusive tributes to Europe's longest-serving leader were lapped up by Mr. Kohl and his political strategists as the ringing vote of approval that they desperately desired.

During a foreign policy address at the Schauspielhaus, the famous opera house on the eastern side of the Berlin Wall, Mr. Clinton extolled Mr. Kohl's record for the past 16 years in terms that sounded either like an endorsement or a political eulogy.

"Though many German citizens may be uncertain of the outcome and may not yet feel the benefits of your far-sighted and courageous course, you are clearly on the right side of history," he said.

As the audience erupted in applause, Mr. Kohl buried his chin into his chest and seemed to fight back tears. Nearby, Mr. Schroeder's face seemed to harden into a frown as he clapped politely.

Some White House officials had urged more caution, but Mr. Clinton insisted on re-writing part of his speech early that morning to inject a more personal sense of his admiration for Mr. Kohl's achievements.

Mr. Schroeder, meanwhile, managed to snare his own prize: a congenial half-hour chat with Mr. Clinton about the U.S. economic miracle in creating millions of new jobs while maintaining low inflation. Mr. Schroeder was also eager to pick up pointers about how to show traditionally leftist parties toward the center in order to capture a greater share of votes.

Like Mr. Clinton, Mr. Schroeder is accused by his critics of lacking an ideological soul and trying to offer all things to all people in his quest for votes. But his "New Middle" strategy, which has copied much of its blueprint from Mr. Clinton's past campaigns, appears to be working: his party is running more than 10 points ahead of Mr. Kohl's Christian Democrats in opinion polls.

Mr. Schroeder also claims some credit for pushing his potential governing partners, the Greens, into moderating their positions after he warned that such radical notions as tripling gasoline taxes and urging the abolition of the North Atlantic Treaty Organization would render the party "not fit to govern."

After recent state elections showed a steep loss in voter support, Green Party leaders voted Thursday to drop the controversial gasoline tax from their program. They also abandoned their demand that Germany leave NATO and said they would back continued deployment of German peacekeeping troops in Bosnia that they previously opposed.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Up and Down in Asia

In the Philippines, the votes are being counted; the process could take two weeks, which may seem rather backward. But Filipinos proved themselves considerably more advanced than Americans in at least one respect when 80 percent turned out to vote in national elections on Monday.

Their enthusiasm proved once again that "Asian values" and authoritarianism are not synonymous, despite claims to the contrary by some authoritarian Asian rulers.

In Indonesia — another Southeast Asian archipelago, separated from the Philippines at the closest point by a rather narrow stretch of water — the hard fight for democracy meanwhile passed a tragic milestone. Thousands of university students for months have been staging peaceful protests calling on longtime dictator President Suharto to step down. On Tuesday the movement suffered its first fatal casualties when security forces fired into a student demonstration in Jakarta, killing at least six and wounding many more. [More deaths have followed, amid growing protest and rioting.]

It was the funeral for students killed in much the same way in 1966 that energized a protest movement and finally helped topple President Sukarno, setting the stage for then General Suharto to take over. Indonesia his- torian Adam Schwarz has noted. These latest killings are similarly likely to inflame and energize the protest movement, and could hasten Mr. Suharto's departure from power after 32 years.

Ugly rioting has spread through Jakarta. More than ever, Western nations should urge restraint on Indonesia's military, so that a transition can take place without a bloodbath. The choice the army makes now will decide whether it is reviled or accepted by Indonesian society as a legitimate player in shaping the next government.

Anyone who watches the Philippines, or any other democracy, knows that elections do not solve all problems. The polling in the Philippines brought its own measure of violence, and the likely president-elect is a former movie star whose cavalier attitude toward economics does not inspire confidence.

Yet the Philippines has found considerable economic as well as political success since jettisoning, through "People Power," the stifling corruption of the Marcos dictatorship.

Suffering from similar pillage by Suharto relatives and friends today, Indonesia is unlikely to escape from its current economic crisis until it, too, moves toward giving its people a voice in their own governance.

—THE WASHINGTON POST.

An Espionage Failure

To escape obsolescence when the Cold War ended, America's intelligence agencies said they would tackle threats like terrorism and the spread of nuclear weapons. Yet after spending billions of dollars on these efforts, the spy services inexplicably gave President Bill Clinton no warning that India was ready to test nuclear weapons this week.

That failure requires not only a searching inquiry into the mishandling of India's nuclear threat but also a broader examination of how effectively espionage agencies are tracking the development of nuclear technologies abroad.

This was not just an intelligence failure. The Clinton administration as a whole misread India's intentions.

Although the new Hindu nationalist government talked openly of its interest in nuclear weapons, the White House and the State Department did not confront the issue squarely or make clear that nuclear testing would be greeted with diplomatic and economic sanctions. That was a policy mistake that Mr. Clinton and Madeleine Albright need to investigate.

But lapses by the policymakers do not excuse the intelligence fizzle. Techniques for detecting nuclear test preparations have been available for years and were often used to spot Soviet and Chinese activities before underground explosions.

Satellites equipped with powerful

Sensible Business

The debate about global warming has featured too much name-calling and too little attention to practical solutions. Many American corporations and their lobbyists have devoted more effort to belittling the science than to soberly preparing for the consequences. So it is encouraging to welcome a new player to the debate, the Pew Center on Global Climate Change.

Funded initially by a \$5 million grant from the Pew Charitable Trusts and headed by a former Clinton administration official, Eileen Claussen, the center intends to focus on research, public education and, most of all, figuring out what can and cannot be done about this very real problem.

What is most heartening about this effort is the list of major corporations that have signed on as advisers to the center. For many of them, it has taken some courage to step out from the crowd of stone-throwers and commit themselves to pragmatic consideration of climate change, and to how they may participate in — and perhaps profit from — solutions.

These companies are not contributing money to the center, it is important to note, and they are not mostly firms that obviously stand to gain if climate change is taken seriously.

On the contrary, they include mostly companies that will have to adapt and

—THE NEW YORK TIMES.

Watch for the Fallout From India's Bad Example

PARIS — India's nuclear tests, which released radioactivity in the atmosphere so far as is yet known, will have fallout that no Geiger counter could measure.

One of the first effects will be on this weekend's Group of Seven-plus-Russia summit. The question of sanctions, already roiling European-American relations in other cases, will be a major issue. There is bound to be a collision.

The United States is obliged by a particularly explicit law to demand draconian sanctions. France is opposed, arguing that India has broken its international commitments because it never signed the relevant conventions. Russia is sure to take the same view.

The Indians have always argued that they have a right to go nuclear so long as the five avowed nuclear weapons powers do not renounce all their arms.

New Delhi even claims that its demonstrations will promote the campaign for global denuclearization by showing the five that the status quo is untenable. Anybody, or nobody, can be an atomic power, it says.

The argument is not taken seriously by others. India will not give up its new status regardless of sanctions, so the fate of the whole anti-proliferation campaign has been opened. India has obviously considered the likelihood

that Pakistan is eager and able to follow its example, and concluded that it is far enough ahead to win any arms race.

For years now, there has been general acceptance that there are five recognized nuclear powers, all of whom have at last signed the comprehensive test ban although it is not yet fully ratified, plus three unavowed powers that have not signed anything relevant — India, Pakistan and Israel.

India has come out of the closet, exposing what it has long insisted with some reason to be the hypocrisy of the nuclear club.

The breakdown of the assumption that this state of affairs could be maintained, by persuasion or if necessary by force as in the case of Iraq, confronts both the major powers and some on-again aspirants with new decisions.

Until now, the nonproliferation campaign has been far more successful than was anticipated. When the treaty was being negotiated more than 30 years ago, there was a list of 20 to 25 countries judged able to go nuclear. Since then the knowledge of how to make at least a crude device has spread widely.

South Africa, Brazil and Argentina, which had nuclear weapons develop-

ment programs, changed their minds. Countries like Sweden and Japan became fervently anti-nuclear.

But if India gets away with it, and it almost surely will, others may decide that the risk is not so great.

New Delhi's announcement that the series of tests is completed offers no reassurance. It is not clear whether this means no more until the next series, or no more tests at all. And even if there are no more, it suggests that India has advanced much further in computer simulation for weapons design than had been supposed.

The fact that no foreign intelligence detected preparations for the tests is also a major blow to assumptions about nonproliferation. The United States and Russia have negotiated major cuts in their nuclear arsenals, still to be implemented, and agreed that they should go much further, but now there will be increased resistance in both countries.

What is to be done? The argument over sanctions complicates the problem. The Europeans are aware of the discord between the U.S. administration and the congressional majority on unilateral U.S. sanctions, but they consider that it is President Bill Clinton's problem, not theirs. The tough fight now going on between the United States and the European Union about

sanctions on Cuba, Iran and Libya will be carried into the coming summit.

The State Department launched a review of American sanctions policy several months ago. It found an enormous list of some 125 cases currently on the books, for a wide, almost incomprehensible variety of reasons ranging through trade quarrels, human rights violations, abortion, threats to peace, drug traffic, and danger of proliferation of weapons of mass destruction.

It makes no sense, and the department would like to have a new policy with clear guidelines on aims and duration. But Congress tends to respond to special interest groups not concerned with America's overall foreign policy.

In any case, sanctions do not work as intended unless they are concerted with all the important players, and each failed effort intensifies arguments against the next one. In order to have a chance of support for some serious pressure on India to back away from its nuclear weapons program, the United States needs itself to back away from unilateral sanctions.

Meanwhile, India's bomb is already tearing at the difficult texture of international relations. The Indian government has won applause from its own public, but it has gained nothing else.

Flora Lewis.

It Takes More Than Sanctions to Salvage Nonproliferation

CANNES — India's nuclear tests shocked the world. There had been hope, for the world's and India's own sake, that it would not commit such a suicidal act.

The shaky coalition in New Delhi took this leap to try to bolster its prestige at home and win recognition abroad. It is an act of desperation full of unpredictable dangers.

India, with a population of nearly a billion people living on \$1 a day, has the burden of feeding half of the world's poorest persons living below the poverty line. For them, hope of a better life will soon fade.

This has rightly enraged the international community. If India thinks this nuclear exploit will bring instant recognition as a nuclear-weapon state, it is sadly mistaken, as that could lead to the emergence of several new nuclear claimants.

By Munir Ahmad Khan

open and costly nuclear arms race with China. This will preempt its limited resources, diverting them away from much-needed economic and social developments, on which India's survival depends. It has learned little from the breakup of the ex-Soviet Union.

India, with a population of nearly a billion people living on \$1 a day, has the burden of feeding half of the world's poorest persons living below the poverty line. For them, hope of a better life will soon fade.

This has rightly enraged the international community. If India thinks this nuclear exploit will bring instant recognition as a nuclear-weapon state, it is sadly mistaken, as that could lead to the emergence of several new nuclear claimants.

It will also not bring India any closer to becoming a member of the UN Security Council or to attracting needed foreign investments for its economic development.

Above all, it will not enhance India's security vis-à-vis neighbors, who will step up their nuclear development.

Pakistan will perceive this as a direct threat to its national security, as these tests have been conducted just 80 kilometers from its border to convey a certain message. Pakistan will be forced to consider an appropriate response to this latest provocation.

The innumerable casualty will be dialogue between the two countries to resolve their disputes, and hope for peace in the troubled subcontinent.

Another victim will be clean energy itself. The 1974 test by India led to a fundamental change in global perception about linkage between peaceful and nonpeaceful nuclear programs. Worldwide cooperation in nuclear power and sharing of nuclear technology will be adversely affected, creating further problems for energy-poor developing countries, including India, which need nuclear power to meet their power needs.

Worst hit will be the fragile nonproliferation regime, painstakingly put together in years of negotiations. The cause of achieving a nuclear-weapon-free world has no doubt suffered a serious setback. Negotiations for nuclear disarmament will become more complicated.

The U.S. administration may face serious difficulties in

persuading Congress to ratify the Comprehensive Test Ban Treaty. Some may point to a new potential threat to U.S. security from emerging nuclear-weapon states.

The world cannot sit back and let a deadly nuclear race rage in the subcontinent that will further destabilize that troubled region and could spread to other areas.

Much will depend on how the Group of Seven countries react to this defiance of the nonproliferation regime. Sanctions are not enough; there has to be a more concrete response. Otherwise, more nuclear aspirants will jump into the arena.

The writer, a former chairman of the Pakistani atomic energy commission, contributed this comment to the International Herald Tribune.

Birmingham Summit: Relief for the Poorest Countries

PARIS — The summit conference of the Group of Seven plus Russia provides an opportunity this weekend to reaffirm collective willingness to make development of the poorest countries a priority.

The lesson of recent years is that policies for debt relief, poverty reduction and sustainable development must go hand in hand if world poverty is to be properly addressed.

In the poorest countries, which do not benefit from capital flows, our answer is aid for trade — helping to attract private sector investment.

On Saturday the summit will pay special attention to Africa. The heads of state or government will have before them new proposals to make progress on debt relief by the millennium.

Third, each country will now consider targeting export credits for the poorest countries only on productive expenditure.

And fourth, building on the Lyon summit, country by country, action will be taken to reduce bilateral debts.

Since the launch of the HIPC debt relief initiative, 10 countries have seen their debt situation scrutinized. For eight of them, this analysis has shown their debt to be unsustainable.

Through these commitments, debt relief amounting to nearly \$3 billion will be granted to those countries.

Against the global uniform approach often chosen in the past, the HIPC initiative favors a case-by-case approach that allows us to take into account economic and financial realities peculiar to each country.

From seeking a mechanical approach to eligibility, we have developed a body of criteria to be applied flexibly.

In full, the HIPC initiative should represent additional relief of \$7 billion from bilateral and multilateral creditors.

This demonstrates that the

HIPC initiative framework can meet the need for a case-by-case treatment of the situations that the poorest countries are faced with today.

The willingness exists to seek permanent solutions to the debt problems of the poorest countries. The effort must proceed so that the HIPC initiative can benefit all the poorest countries that have carried out the necessary economic reforms.

To achieve this, it is necessary to create momentum. We have set down challenging ambitions. Our aim is that all eligible countries will have embarked by the millennium on the process of securing debt relief by the World Bank and the IMF.

We should also ensure that no country will be abandoned at the roadside. This risk affects in particular those countries emerging from conflict that cannot yet demonstrate a track record of adjustment policies.

Are they to be excluded from any exceptional relief simply because they have not been able to conclude an economic program with the IMF before the year 2000? Their economic and social needs cry out for early action.

We see an urgent need to explore what special treatment might be appropriate for the needs of post-conflict countries.

Bilateral donors and multilateral institutions should consider the needs for debt and development assistance in this area.

Our commitment to the HIPC initiative should not mean that we confine our action to the countries that are or will be eligible.

This demonstrates that the

globe. All other countries which are committing themselves courageously to the needed adjustment efforts deserve reinforced support from the international financial community.

For the middle-income countries, France and Britain have already pledged to forgive the vast majority of our bilateral debt related to development assistance. We should now focus on measures to foster their access to private capital flows.

This could lead us to strengthen debt swap operations, which have already shown their positive impact on private investment. We could also consider ways to ease the access to international capital markets for an increased number of developing countries.

The priority we attach today to a permanent solution for debt issues, especially through the HIPC initiative, is clearly in keeping with our lasting commitment to development.

The writers, respectively, are British chancellor of the Exchequer and French minister for economy, finance and industry. They contributed this comment to the International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Peace Awaits Beyond Rancor

By Akiva Eldar

single house that Israelis have planted in the West Bank, which is his essential prescription for building peace between Israel and Palestine.

I have met Mr. Tarbush and enjoyed the opportunity to share with him my views on the negative role that the Netanyahu government is playing in the so-called peace process. Like many other Israelis, I believe that most of the settlements were built to obstruct any option of territorial compromise between Israel and a future Palestinian state.

However, there is a vast difference between his rosy picture of the past and reality, as well as a huge gap between his somber solution of a bitter conflict and any constructive and despondent alternative.

Twain concludes that it is "a hopeless, dreary, heart-broken land."

In 1947, the Palestinian leadership rejected the United Nations' partition plan and thus missed the opportunity to establish their own state in the hills of Bethlehem and other parts of the Holy Land. Until June 1967, the Palestinians were second-class citizens of the Hashemite Kingdom, and were not allowed even to dream loudly of an independent state. In 1978, the PLO missed another chance, offered to them in Camp David's autonomy plan, with a

framework and timetable for final-status negotiations.

The Israelis would like to forget the 30 years of occupation, especially the six years of uprising preceding the signing of the Oslo agreement.

Linger in the rancors of the past can take away from the Palestinians their hope for freedom, dignity and a better future for their children.

Yasser Arafat recently told members of the Council of Foreign Relations, in New York, that a territorial compromise plan drafted two years ago by his deputy, Abu Mazen, and a Labor minister, Yossi Beilin, remained acceptable. This plan is very far from Mr. Tarbush's idea of razing the settlements.

Not only does the plan suggest allowing every Jewish settler in the West Bank to keep his house and trees, it presents practical solutions to the tough question of Jerusalem.

Fortunately, the current leadership of the PLO in the territories, as well as many young Israeli leaders, show more responsibility and realism than passing travelers.

It is tragic that the Israeli government and national fanatics on both sides are still busy distorting the past and designing imaginary futures.

The writer, a columnist for the *Jerusalem Ha'aretz*, contributed this comment to the International Herald Tribune.

believe that the United States will some time come to Europe and give away billions of dollars, and except to provide desirable

The Delights of the Maldives, With Children Along

By Miriam Jordan
International Herald Tribune

FURANAFUSHI, Maldives — My 17-month-old twins splashed with delight in the clear, sparkling waters of the Indian Ocean. Their joy and the serenity of the late afternoon on this sun-drenched island assured me that the Maldives was the right choice for a family getaway.

Then a black-tipped dorsal fin poked out of the shallow water just a few meters away. The shark was small — but a shark nonetheless. I huddled around Maya and Danny as the gray creature glided by, ignoring us. A few minutes later, two more sharks passed.

In the Maldives, we discovered, it is safe to swim with sharks — most of the time. No hotel attendant could recall any mishap. Books at the resort shop described black-tipped reef sharks as timid, though one cautioned that they occasionally nibble bathers out of curiosity. Alas, not a day went by for us in the Maldives without frequent shark swim-bys.

FLOWER OF THE INDIES

The Maldives — Marco Polo called it the "Flower of the Indies" — is a nation of 1,200

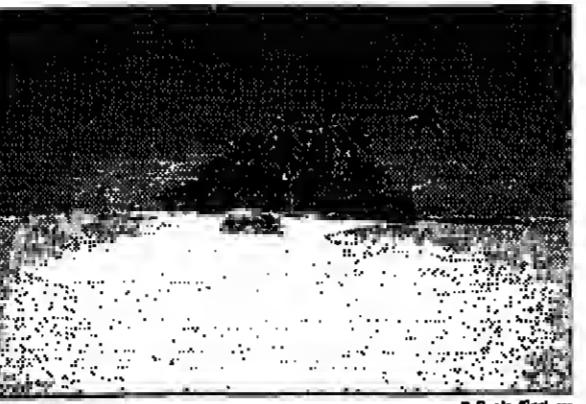
tiny islands sprinkled across the equator in the Indian Ocean, about 480 kilometers (300 miles) off the southern tip of India.

Most of the palm-fringed islands are ringed by fine white-sand beaches and reefs, which teem with coral and fish of every shape, color and size. The Maldives is a utopia for scuba divers, snorkelers, sun-worshippers and anyone who wants the blissful absence of newspapers and television. Some resorts go by the motto: No news, no shoes.

The 250,000 residents of this former British protectorate are scattered on just 198 inhabited islands. About 70 of them have been developed for tourism, with just one resort per island. The resorts range from six to 250 rooms. The most rustic offer basic huts with sand floors and cold salt-water showers, while the most modern boast swimming pools, health clubs and Technicolor discs.

The easiest resorts to reach are just a 15-minute boat ride from the airport — one runway on reclaimed land that resembles an aircraft carrier. Getting to far-flung atolls requires a seaplane or a 10-hour boat journey.

Some resorts do not accept children ages 2 to 12 during peak season, from late December to April. But most hotels welcome children year-round,



A fine white-sand beach in the Maldives.

and it's hard to imagine a more child-amused staff of workers than those in the Maldives.

At breakfast, waiters rush forward with high chairs, and slip along a few extra bananas and cake for later in the day, even though takeaways from the buffet are discouraged. There was never a frown or a sigh, even as our children gleefully turned grapes and bread into mash on the dining-room floor. Chefs were happy to grind vegetables and meat for children's food. Supermarkets in Male, the capital, sell jarred baby food.

Virtually all resorts offer baby-sitting free of charge, though we never took them up on it in our room. At dinner, however, we did. On a few occasions, we enlisted the help of waiters to stroll our duo around so we — and other resort guests — could enjoy a quiet meal.

We divided our nine days between two resorts that offer distinctive experiences. Picking the ideal place for a family with young children is tricky from afar. Most families require certain comforts: proximity to Male in the event of an emergency, an air-conditioned room and, possibly, a swimming pool. But there is more to consider.

The Full Moon Beach Resort carries a five-star designation in our guidebook. It has a baby pool, which we thought would be a nice backup to the ocean. It is a 20-minute boat ride from the capital. Opened only a few years ago, it has a clean feel about it. All rooms face the sea. It also has two tennis courts, a sports center and a disco; five restaurants, including Thai and Italian; a beautiful amoeba-shaped swimming pool. The walking paths are lined with bright bougainvillea.

But we craved a more Maldivian experience and a better coral reef. From Full Moon, the best snorkeling requires a half-day excursion (\$18 a

person) to a nearby island. Determined to find a smaller, more atmospheric retreat, we transferred to Baros Holiday Resort, on the other side of the North Male atoll. The 75-bungalow resort commands such loyalty that most guests are repeat visitors. Europeans account for about 80 percent of all tourists to the Maldives.

ENCHANTMENT

We were enchanted with the simple elegance of the facilities on the islet. A stone's throw from the beach amid tropical vegetation, our thatched-roof bungalow had a graceful interior, with wicker-padded walls and wooden floors.

It boasted the same amenities as our Full Moon room, such as air-conditioning and a fridge to store our twins' milk and juice. It had a choice of restaurants, with more character than Full Moon's.

There was no need to pack up a day's worth of diapers and drinks for a snorkeling outing. Baros offered an excellent coral reef just offshore.

During one of my underwater exploits, I tracked and stroked a large sea turtle for several minutes.

And our children didn't appear to miss the baby pool as they frolicked in the sea, oblivious to the circling sharks.

DINING



Relaxing With Old Classics Chez Georges For Good Times

By Patricia Wells
International Herald Tribune

PARIS — Ram is the Parisian bistro that remains solid, steady and satisfying year after year.

But for 18 years, I've made repeated pilgrimages to the classic 1900s bistro, Chez Georges, and it remains an example of the dream Paris bistro: convivial and relaxed, amidst a controlled murmur of good times.

Every millimeter of the long, narrow dining room — with its columns and mirrored walls — is packed, elbow to elbow, with a care-free, carnivorous crowd there as much for the ambience as the cuisine, as well as the open-armed welcome of the owner, Bertrand Brouillet. The weight-obsessed, the impatient, the person who needs a space of his own should go elsewhere.

Heal coats are hung or draped wherever there is room, baskets of freshly sliced country bread from Poilane and baguettes from the nearby boulangerie Lebœuf need constant refilling, and the chirpy waitresses all hut skate across the old tile floors, racing through the room with steaming platters of steak, kidneys, grilled lamb chops, duck, sole and turbot. (That means service can be slow at times, as your hungry eyes follow a steaming platter emerging from the kitchen, destined for another table.)

On a most recent visit, starters were as satisfying as ever: celery root bathed in a mustard-rich mayonnaise; fillets of silken marinated herring floating in oil and herbs; *jambon persillé* as fresh as a day in May; springtime curly endive, or *frisee*, tossed with crisp chunks of haco and topped with a perfect soft-cooked egg.

NEVER-CHANGING STAR We may change but the food does not. The bistro star remains the *onglet de boeuf*, pan-seared skirt steak that needs little more than salt, pepper and shallots to bring out its succulent brilliance. At Chez Georges, this morsel arrives chewy, tender, with a rich, meaty flavor. As custom dictates, the meat is showered (a bit too generously for my palate) with finely minced shallots, which serve to sweeten and heighten the flavors of the beef. Alongside, come traditional French fries, which arrive hot from the kitchen. The *steak de canard* is as juicy and meaty as ever, served with huge portions of equally meaty ceps mushrooms; and the almost sweet, truly tender *coeur de filet* — seared beef fillet — comes with a Bearnaise sauce, where the tang of the vinegar and tarragon cut right into the richness of the meat.

Desserts follow suit, with fine profiteroles and a golede tart Tatin. And the house Brouillet hits the spot, fits the mood and the moment. Who can ask for more?

*Chez Georges, 1 Rue de Mail, Paris 2; tel: 01-42-60-07-11. Closed Sunday. Credit cards: American Express, Visa, *A la carte*, about 250 francs (\$42). including service but not wine.*

Into Extremadura, Harsh Land of the Conquerors Tracking the Spoils of Roman Legions, the Pizarros and a Weary Spanish King

By Cindy Bisaillon

MERIDA, Spain — Extremadura. It sounds as though it means "extremely tough." All I knew when I began reading about this remote part of Spain was that the Spaniards who conquered the New World in the 16th century came from there. They brought back Inca and Aztec gold and built palaces and castles that still dominate the region's walled medieval towns.

More than a millennium before the age of the conquistadors, another tough breed, the Roman legions, put their claim on this land, building aqueducts, stone roads straight as an arrow and sturdy bridges still in use.

Lured to Extremadura in November by these two strong veins of history, we toughened ourselves for the harsh landscape the region's name conjured up.

Driving jettled through a steady downpour, we left Madrid airport, heading some 70 miles (110 kilometers)



Extremadura is a tantalizing region that seems transported from a dimension of long ago.

sooth and west toward an ancient mountain range called the Sierra de Gredos. By afternoon, the rain had softened to a mist that shrouded the hills ahead.

Every now and then it thinned, giving us a tantalizing glimpse of distant snowy peaks. The narrow road curved and climbed. Pine forest gave way to sparse rocky slopes as we crossed a high ridge of hills into northern Extremadura.

Around the next curve, a herd of

mountain goats, slowly making its way up the hillside, clogged the road. We pulled to a halt and got out. The mountain air was filled with an intoxicating scent. Gray scrubby bushes — wild rosemary and thyme — grew everywhere. Their perfume mingled with the tinny music of goat bells. A boy tapped the flanks of a laggard goat with his long staff. The scene seemed transported from some dimension of long ago: pure, immediate, timeless.

After 20 minutes more, we arrived in the village of Jarandilla and pulled up at the gates of a 15th-century castle, which had once served as a retreat for Charles V, Holy Roman Emperor and, as Carlos I, King of Spain. Round crenellated stone towers rose on either side of the arched portico. Inside, beyond a large stark courtyard softened by palm trees, stood more towers and palatial quarters.

SPLENDID HOTEL

The castle is one of Spain's paradores, historic structures that have been restored and converted into splendid hotels by the government. An imperial presence seemed to float in the shadows as we made our way past salons with stone fireplaces and black candelabra, sober Renaissance portraits and trophies of sharp goat-horn. A suit of armor stood in a cook on the stairs.

Our ample room on the second floor was warmed by terra-cotta walls and elegant salmon-and-white bedspreads and curtains. The generous bathroom was all sleek white tile. Slotted windows opened onto a view of peaceful rolling countryside. On the walls hung prints of Carlos and Francois I of France in a triumphal canopy procession bristling with soldiers' spears.

The years of Carlos's reign, from 1516 to 1556, saw the birth of capitalism in Europe, seeded by an inundation of riches from Peru and Mexico. For decades, Carlos struggled to keep together an empire that stretched from Seville to Vienna, Antwerp to Palermo. By the time he went to Jarandilla in 1557, his golden years were over. Weary, he'd abdicated power for peaceful seclusion. Carlos stayed in this castle for six months, until his final retreat to the Monastery of Yuste, about eight miles to the west.

We left our luxurious quarters to descend to the spacious breakfast room, its windows letting in a flood of sunshine. On the sumptuous buffet were eggs and sausages, baskets overflowing with sweet rolls and pastries, bowls of fresh and dried fruits, cured ham and other cold meats.

We wondered whether Carlos had eaten as well. He apparently had a great fondness for sardines, which were said to have worsened his chronic gout. When he left Jarandilla, he was in such pain that he had to be carried to Yuste in

Nestled below was the terra-cotta-roofed village of Garganta la Olla. Garganta is streams, lively as quicksilver, that gush down from high in the Sierras through La Vera. The sun burst through as we crossed the bubbling rush of water that gave this town its name, literally "Stream of the Boiling Pot."

Garganta la Olla, like Cuacos, was caught in a picturesque past. We wandered through a maze of acutely narrow streets and came upon a house, not white and half-timbered like most of the others, but stark blue. An old villager with wry bowed legs and a black baret as small and tight as an acorn cap, passed in his evening stroll and pointed to the black iron plaque around the door's large key-hole. It depicted a surprisingly saucy pair of women carousing, indicating that the house's distinctive blue signaled a 16th-century brothel. This one had been a particular favorite of Carlos's soldiers.

The next day, in the hushed confines of the Monastery of Yuste, we saw a few of the soldiers' spears propped beside the chair that had carried Carlos here. It looked rather like a wood-and-leather baby carriage without wheels, strangely small and vulnerable for the former ruler of an empire.

Beyond a mossy stone bridge, we found a sign that read, "This is the road taken by King Carlos V to reach his monastery in 1557."

In Carlos's time, the road had been little more than a rough track of natural rock. Our road, smooth and constantly curving, took us through quiet oak woods, then out onto the slopes of La Vera, a startlingly beautiful terraced valley in the heart of Extremadura. Brilliant green grass under dusty olive trees, the rusty gold of chestnut and cherry trees, and here and there the bright burst of an orange tree. The valley banished forever our preconceptions of *dura* ("harsh").

Nestled below was his private chambers just as Carlos left them. From the canopy bed in his black velvet-draped bedroom, he could watch Mass through a passage he'd had cut in the thick stone wall. He died there in his bed in 1558.

We continued our drive south, and within a few hours, the steep slopes and charming villages of La Vera were replaced by lush green plains turning gold in the late afternoon sun. On the horizon, the medieval town of Trujillo appeared, commanding the plain. High stone walls surrounded the town, which was square, severe, tough as the New World conquistadors who were born here.

WE parked outside the gates, wandered a labyrinth of streets and emerged into the vast expanse of the central plaza. Elegantly arched along three sides to accommodate a bustle of bars, restaurants and cafés, the square is dominated by a massive stone church and tower that shimmers with blue and white tiles.

The most arresting feature of the plaza is a grand statue of Francisco Pizarro on horseback. Helmeted, plumed, armored, the conquistador — who set off from Trujillo with his half-brothers in the 1520s — presides over the square with

the same intensity and power that one imagines he used to overwhelm his victims, the Incas of Peru.

When the conquest was complete, by the late-1530s, the triumphant Pizarro took an Inca bride, but didn't get to show her off back home. The hotchpotch Extremadurans carried out against the Incas infiltrated their own ranks. Pizarro was murdered by a rival, and his brother Hernando was the one to return to the triumph, loaded with Inca gold and married to Francisco's half-Inca daughter.

Across the plaza from the statue of Pizarro stands the palace Hernando built with his gold to house himself and his young wife. A solid imposing edifice, it is surprisingly unostentatious; one of its few ornamental details depicts in stone the Pizarros' moment of victory. The figures carved here — squat, sturdy with the telltale large ear lobes of Peruvian Quechua natives — are abject and in chains, their misery preserved and proclaimed forever over the plaza.

We sat down at one of the plaza's cafés, boozing ourselves with cream-filled croissants and cappuccino before heading southwest to the ancient core of Extremadura, the city of Mérida.

CORIGINALLY called Emerita Augusta, Mérida was built as a colonial showpiece to the glory of another longago emperor, not Spanish, nor Inca, but Roman — Augustus Caesar. We pulled into a city that felt big, hustling and modern compared with the quiet medieval enclaves we'd passed through.

We took up residence in the parador, a former convent, sprawling, generous, comfortable. Its Renaissance bell tower housed a giant stork's nest. We were given a suite, with flowers on the wooden chest near a generous sofa, a bowl of fresh fruit on the breakfast table.

Strolling around the town, we discovered that modern Mérida conceals many old secrets. Most of its residents live in houses built on top of buried treasure, history layered century upon century. But pockets of the Roman past have survived virtually intact. We were startled to turn a street corner and be confronted with a piece of antiquity standing up like a stately mirage — elegant marble columns, opulent carved friezes, intricate mosaics and, here and there, a graceful sculpted face that seemed to gaze back on a lost grandeur.

Pieces of the Past

Sometimes in these fragments of revealed past, the ancient and more recent layers of history mingled, producing intriguing architectural hybrids: Roman and post-Roman Visigothic stone lintels torn from their original settings and used as building blocks in fortifications built by the invading Moors; a Renaissance palace with arched Gothic elements built into a forest of Corinthian columns and, most graphic of all, the 13th-century Romanesque basilica of Santa Eulalia, under which was recently discovered a mausoleum of paleo-Christian stone sarcophagi and chapels dedicated to the early Christian martyrs. Beneath this is still another find, a grand Roman house. This miniatuer archaeological treasure chest under the church has been partly excavated and can be explored along a cleverly designed web of catwalks.

In 1986, the Museo Nacional de Arte Romano was designed to house Mérida's accumulated Roman treasures. A museum of international caliber, its graceful arches and textured brick evoke the Roman spirit it honors.

The high point of our time in Mérida, probably of our whole three weeks in Extremadura, was a place revealed in the softness of a misty green park in the late afternoon. Clutching umbrellas against steady rain, we ambled along a stone path and came upon one of the most intact Roman theaters in the world today.

Dwarfed by its sheer size and power, we gazed in wonder at the enormous, perfectly proportioned arc of seats. Immense marble columns marched across the vast stage. Silently, we ambled along the stage's endless footlights, lost in a reverie of a vanished empire's triumphs.

Cindy Bisaillon, a writer in Toronto, interested in Hispanic culture, wrote this for The New York Times.

NO GIRLS NO GUY

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n Along

ENCHANTMENT

the Conquer
Spanish King

Through Vietnam's Halong Bay, and Its Isles Rich in Legend

By Milly Boren

BAI CHAY, Vietnam — Our kayaks slice through the deep emerald seas of Halong Bay off Vietnam under a full moon, with only the soft sound of our paddles dipping and sweeping the water.

As if to pay homage to this glorious night, a whale song has lassoed the moon and glows like a halo, bleaching the sky and stripping it of stars. All around us hundreds of monolithic limestone islets pierce the water's surface like the rugged spines of this country's mythical dragons. Moonlight crawls into the valleys and grottoes of this exotic floating mountain range, casting shadows and shapes that are hauntingly beautiful, gloriously majestic, but stone silent.

Ancient myth says that Halong Bay was created when the Dragon Mother and her children descended from heaven to protect Vietnam from invaders. The heavenly dragons thrashed their tails, creating the bay, then spewed forth gems, from which the verdant islands before us sprang up. Local people tell us that dragons, entranced by these islands, still dwell under the water.

Tonight, under this moon, I'm buying into the myth.

Because of its 1,600 jeweled islets spread across the South China Sea's Gulf of Tonkin, Halong Bay was designated a UNESCO World Heritage Site in 1994. Many claim it is the most beautiful in all of Vietnam.

As I kayak past the islets and through their dark caves and winding tunnels carved by eons of erosion, I understand

the claim. Stalactites hang like chandeliers from the vaulted rock ceilings, some delicate, some squat, some prickly of texture. Oxidation, algae and lichen have painted patches of the limestone roofs turquoise and rust red, like frescoes in a Renaissance cathedral. The sea has cut arches into the base of many islets, hacking out chasms where waves surge and dragons hiss.

But the French saw more than dragons when they named the uniquely shaped islands that we will paddle by in the days to come. There's Le Plumet (the plume), Le Maron (the chestnut), L'Encier (the inkwell), Le Pain de Sucre (the sugar loaf), La Lorraine (the lioness), Le Lapin (the rabbit), even La Méduse (Medusa), a labyrinth of bays and peaks. So numerous are the islets that many are unnamed.

Halong Bay bears in land areas of vast coal reserves that enticed the French in the late 1800s. While French colonization in Vietnam began in the 1860s, the French did not totally dominate the country until 1884, ruling for 70 years.

Today Halong Bay represents the new as well as the old Vietnam. At the bustling seaport town of Bai Chay, about 100 miles east of Hanoi, a visitor can stay at the exquisite Plaza Hotel but walk among some of the world's poorest people. Building new capitalist ventures rub shoulders with age-old traditions. Grandmothers who are busy building a new Vietnam live with seniors who have survived the ravages of continuous war.

Creating a future is a daunting task for the young, given that the annual per capita income in Vietnam is around \$200.

A mini-bus, hired by Mountain Travel Sobek, an adventure travel company based in California, takes us from Hanoi to Bai Chay, where we will begin an eight-day kayaking trip. In Bai Chay, the harbor is dotted with traditional round woven basket-boats and weathered fishing vessels that have been used for decades. Shiny new motor-scooters vie for road space with rusty bicycles, skinny dogs or laden street peddlers.

BOARDING THE HUONG LONG

As our group of 10 American, British and Canadian adventurers boards the Huong Long (King Dragon), the red, white and blue support boat that resembles a Mississippi River sternwheeler, we are introduced to our guides and crew of seven. Through our guides, Dag Goering and Maria Coffey, we gain generous insight into Vietnamese culture; they have toured extensively, and Maria has written a book, "Three Moons in Vietnam," about this country they so love. Through our tightly knit, hard-working crew, however, we learn about the Vietnamese people themselves.

Nguyen, Bay, Vinh and Vu Quang Huy, as well as our local guide, Huy, are capable young men in their twenties. Their infectious good humor and kindness will serve us well in the days ahead. Lien, our gifted cook, smiles, laughs and hugs with abandon. Captain Chien, in his forties, served with the Vietnamese Army in Cambodia.

"The American War" is not a topic much discussed. Perhaps the Americans are too polite. When pressed, the most common response is that people want to

move forward by building a better society now that they are finally at peace.

With kayaks loaded and goods stored, we fire up the engines and leave Bai Chay harbor. Pastel stucco houses line the waterfront, summoning images of the Amalfi coast of Italy. Families in tiny basket boats wave and smile, their laundry flapping above like flags afloat.

An hour after leaving port, a welcome silence descends — no city commotion, no crowds, no wind, no sound but that of the purring engine. The striking green mountains rise from the sea, many shaded in distant mists. We motor to a placid bay and set anchor. On the shore, a small altar to the gods of the sea stands at the base of a verdant cliff.

Most of the islands are covered with a variety of wild plants. Clumps of thin bamboo and spindly marginata palms grow through cracks in the rock. A sago palm sprouts horizontally from the cliff. Circling high above, Vietnamese *qui* (swallows) catch the updrafts and ride the wind, and passing sea eagles break the silence with their barking calls.

MONKEY SEE Desperate for total immersion, I dive into the water and swim to the beach. Joss sticks and fresh fruit have been laid at the stone altar by fishermen. On this crescent sandbar, I see the fine-boozed handprints of two wild monkeys.

Each morning we set out in our fiberglass kayaks, two to a boat, to explore caves, shorelines and passages. As the sun peaks, we return to the Huong Long for one of Lien's many delicious lunches. After a leisurely rest period, those who are willing paddle for an hour

or two during the afternoon. Chien moves the boat to a new anchorage each evening, always in time for the sky to explode with color. We motor to the islands of Dau Be, where the jewel-like temple of Ha Men stands in the shadow of a lush green cliff.

We pull the kayaks to the sand. Captain Chien and Lien have prepared fresh fruit and paper as offerings, and we follow them to the little temple. Two mosaic cranes made of crushed bits of blue and white porcelain flank the entry.

They stand on golden turtles, which symbolize the Golden Turtle Spirit that guarded the kingdom of Au Lac more than 2,000 years ago. Overhead hangs a garishly painted red and gold scroll.

Two serpentine dragons curl toward a ceramic rooster's head on the roof's ridge beam. Dragons on rooftops are seen as a symbol of protection. In the seventh century B.C., the Dragon Lord of the Lac, from whom the Vietnamese consider themselves descended, served as protector of the Hung kingdom.

Inside this whitewashed structure, a carnival of color pays homage to the Princess Ha Men, one of nine legendary drowned mountain princesses whose lone body washed up on this shore. Money sent by Vietnamese in America was used to restore Ha Men's shrine several years ago.

Chien places a smoking joss stick in a sand urn on the altar, then kneels and bows eight times. With hands folded and eyes closed, he prays for safe passage in these waters. Eight of us follow suit, to the delight of the Vietnamese fishermen who are fanned in two lines apart yet somehow forged together on this remote bay of dragons.

UR kayaks glide into brilliant sunlight. As we wind along the coastline, Dag, my kayak partner, tells me that a good portion of this trip searches areas that have not been explored by Western tourists before. He adds that the plains we see are probably hundreds of years old.

When we return to the Huong Long, Lien has prepared yet another sumptuous meal of fresh shrimp, crab, steaming rice, sautéed green beans, crisp apple pears and cold beer. Shelfish are pulled daily from the surrounding waters by local fisherman. When we finish this feast, Maria doles out our daily ration of chocolate, and we sit hot tea, discussing the next day's plans.

On the crew's boat, we hear laughter rising in the art of massage, rub the aching shoulders of two of our group. The evening is a time when we laugh together, with bits of English and Vietnamese phrases flying, as we try to understand cultures that are worlds apart yet somehow forged together on this remote bay of dragons.

Milly Boren, a writer in Hawaii, wrote this for The New York Times.

MOVIE GUIDE

TWO GIRLS AND A GUY

Directed by James Toback, U.S.

For the hour-and-a-half duration of "Two Girls and a Guy," the writer and director James Toback's devilishly original take on modern romance, you become a fly on the wall during a particularly nasty three-way argument. Lucky fly. By turns rainy, touching and funny, "Two Girls" affords the viewer that guiltiest of passive pleasures — that of the voyeur. But unlike mere Peeping Tomism, the rewards of which are only of a prurient nature, you're likely to come away from this astonishing encounter between the three corners of a lovers' triangle not just amused but enlightened about such not-so-simple issues as fidelity, betrayal, lust, possessiveness, honesty and forgiveness.

Blake (a charmingly caddish Robert Downey Jr.) is what is commonly known in the parlance of passion as a dog — he is sleeping with two women and lying to both of them. He has one little problem in that the two girlfriends have just introduced themselves to each other outside his apartment, thereby revealing his canine status. With the exception of a couple of walk-ons who introduce the film, there are only three characters: the two-timing Blake; Girlfriend No. 1 (Heather Graham as the smart, sophisticated Carla) and Girlfriend No. 2 (Natasha Gregson Wagner as the volatile, streetwise Lou). Downey has never been better as the flawed, philandering Blake. Described by Lou as "irresistible," he does exude palpable magnetism, and even when his behavior is ex-



Robert Downey Jr. in "Two Girls and a Guy."

posed for its most reprehensible. The many subtle but seismic ground shifts that occur in the personal dynamics between Blake, Lou and Carla are what keep this fascinating and fresh story from becoming a stagy set piece.

(Michael O'Sullivan, WP)

DEEP IMPACT

Directed by Mimi Leder, U.S.

Apparently there is no better aid to family therapy than a murderously large meteor hurtling toward Earth. So the costly comet thriller "Deep Impact," which is to summer movies what the first crucis is to springtime, explores the salutary effects of imminent doom. Lovers bond, family ties bind and old wounds heal as the planet prepares for its final bourse, although the crisis proves not as dire as it could have been. We will survive to be hit by another comet picture in July ("Armageddon"). "Deep Impact" will doubtless seem the more sensitive of the two, since it emphasizes feelings over firepower whenever possible. Mimi Leder, who directed "The Peacemaker" and gives greater gloss and personality to this film, directs

flamingos. Morgan Freeman makes a fine president of the United States, with a thoughtful manner and just the right reassuring television presence. Vanessa Redgrave and Maximilian Schell are the glamorous, estranged parents of Jenny Lerner (Tea Leoni), a reporter for MSNBC. At the helm of the astronauts' mission to land on and deflect the comet is a tough but reassuring Robert Duvall. This is a film that finds time for Duvall to talk about Mark Twain and Herman Melville but doesn't waste much energy on wanton destruction. It's a welcome change of pace, but action audiences looking for an exciting apocalypse will have to wait.

(Janet Maslin, NYT)

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RECORDINGS

Three Europeans Who Take It Easy



Bireli Lagrene, the Gypsy guitarist.

In "Goose Goofs Off," a popular children's book, the hero, the goose, keeps saying: "I'll do it tomorrow, I'm taking it easy today." Here are three straight-ahead Europeans who have decided to take it easy today:

• **TOOTS THIELEMANS** "Chez Toots" (Private Music): Toots in a laid-back French bag. Seductively played melodies perfect for social settings where sipping champagne and polite conversation comes before listening to music. Songs by the likes of Toots' fellow Belgian Jacques Brel are sung by the easygoing Johnny Mathis, amog others.

• **BIRELI LAGRENE**, "Blue Eyes" (Dreyfus): Once a child wonder, the French Gypsy guitarist Lagrene is no longer a child. It took years for him to

emerge from Django Reinhardt's shadow. Now a woodously mature player, he makes his debut as a singer. So many great instrumentalists turn into bad singers. Not the case here.

• **NHOP** "This Is All I Ask" (Verve): The Danish Niels-Henning Ørsted Pederson, one of the best bassists of all time, plays relaxed duos and trios with Phil Woods and Oscar Peterson and others. In the album notes, NHOP is quoted: "I've reached that stage of my life where I can say, 'This is all I ask.' There are still oew goals I plan to achieve, but I'm happy with what I have, and content to look back at what I've achieved."

Mike Zwerin/ITH

SUMMER FESTIVALS

We continue the listing of some of the music festivals that are scheduled to start next month. Festivals starting in July will be listed on Friday, June 19.

BADEN BADEN, GERMANY International Festival, fax: (49-711) 78-61-29-90, June 2 to 13. Performances of Verdi's "Traviata" and "La Maledicenza." Barbara Hendricks opens the festival with a solo recital, and a concert version of Strauss' "The Egyptian Helen" closes it.

DROTTHINGHOLM, SWEDEN Gluck Festival tel: (46-8) 660-8225, fax: 665-1473, May 27 to Sept. 1. In the 18th-century Court Theater, three operas by Christoph Willibald von Gluck: "Orfeo ed Euridice," a new production of "Alceste" and "Paride ed Elena." The program also includes Gluck's pantomime ballet "Don Juan." www.drottningholmsteatern.se

GRANADA, SPAIN Festival Internacional de Música y Danza, tel: (34-91) 58-27-62-00, May 29-28-68-68, June 19 to July 5. Part of the program is dedicated to García Lorca (1898-1936), with music and ballet inspired by the figure of the poet; the festival also celebrates music from the time of Philip II, who died in 1598. It includes works by Palestina, Victoria and Deeprez, among others. Events take place in the Palace of Charles V, the gardens of the Generalife, the Cathedral, and other venues. www.granadafestival.org

MUNICH Opern-Festspiele 1998, tel: (49-089) 21-85-19-20, fax: 21-85-19-45, June 26 to July 31. At the Nationaltheater as the main venue, operas are to be performed daily. Cecilia Bartoli, Montserrat Caballe, Felicity Lott and

OPEN DOORS. OPEN HEARTS. OPEN MINDS. Visitors to Hungary experience friendliness and cordial hospitality all along, also when they wish to get acquainted with the treasures of Hungarian culture. The homeland of Zoltán Kodály, the world famous composer and teacher of music, is called deservedly the country of Festivals: art celebrates its festive days here throughout the year. It is not easy to choose from the rich cultural programmes offered: beside the comprehensive range of programmes of the Spring and Autumn Festivals, various branches of art go on parade. The list includes the Folklore and Old Crafts' Festival, organ concerts, an Opera and Ballet Festival, open-air performances, medieval games, theatres, museums and galleries. Alongside these events, the traveller may admire the wonderful historic monuments of the country. Hungary does not only offer you a vacation rich in cultural experience — wherever you come from, you will encounter heartfelt Hungarian hospitality, too.

Did you know that it was a Hungarian who taught almost the whole world to sing?

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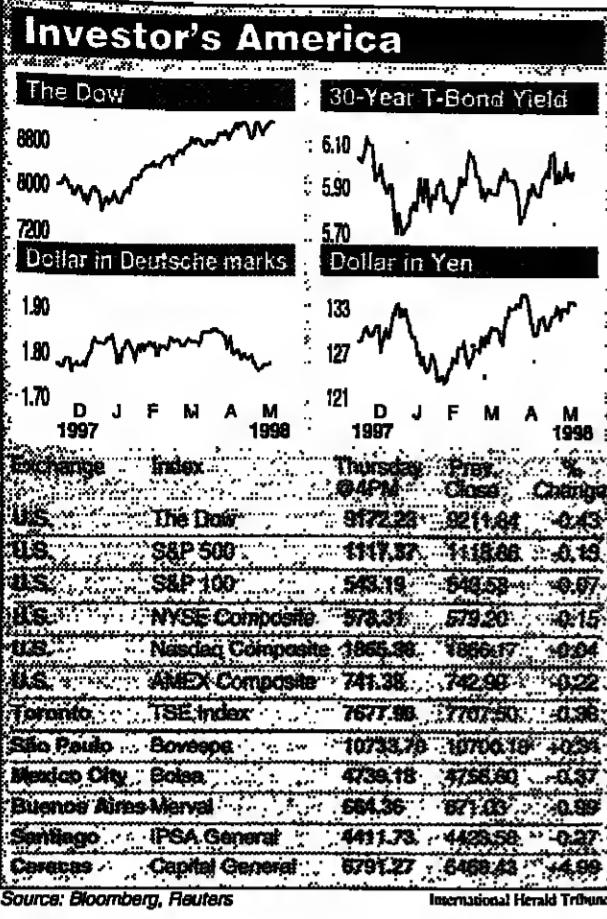
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THE AMERICAS



Source: Bloomberg, Reuters

Very briefly:

- Ford Motor Co.'s chairman, Alex Trotman, said that Daimler-Benz AG's planned purchase of Chrysler Corp. would not affect Ford's worldwide business strategy.
- MedPartners Inc. will dismiss 900 of its 9,500 employees in Southern California, including 49 doctors, as part of a cost-cutting plan aimed at returning to profitability.
- Williams Cos. will spend \$528 million to expand a natural-gas pipeline running from Canada and the Midwestern United States to growing markets along the Atlantic coast.
- Navistar International Corp.'s profit for the quarter that ended April 30 more than doubled, to \$67 million, as the maker of heavy trucks and buses saw strong demand for its vehicles and engines.
- Saks Holdings Inc.'s profit for the quarter that ended May 2 rose 15 percent, to \$8.7 million, on higher sales at its department stores and Off 5th outlet stores.
- Netscape Communications Corp. plans a joint venture with China Internet Corp. of Hong Kong to launch a Chinese-language guide to the global computer network.
- Gap Inc., the casual-clothing retailer, said its profit for the quarter that ended May 2 rose 61 percent, to \$136.1 million, higher than analysts' estimates.
- AirTouch Communications Inc., the mobile-phone operator, is considering a bid for the cellular units of Telecommunications Brasileiras SA of Brazil as a way to enter the rapidly growing Latin American market.
- Jostens Inc. lost an antitrust suit filed by Taylor Corp., as a federal jury in Texas awarded \$8 million to Taylor, which alleged that Jostens had used unfair practices to monopolize the market for school yearbooks.
- Oak Technology Inc. said the U.S. International Trade Commission had opened an investigation of four companies in response to its complaint that the companies had imported or sold CD-ROM components that infringed on a patent held by Oak.

Bloomberg, Reuters

Call to Protect Internet Privacy**Vice President Asks for an 'Electronic Bill of Rights'**

Compiled by Our Staff From Dispatches

WASHINGTON — Vice President Al Gore called Thursday for greater protection of personal information gathered and used via computer.

"We need an electronic bill of rights for this electronic age," Mr. Gore said in a commencement speech at New York University.

Mr. Gore said the Commerce Department would convene a meeting on privacy within the next month to bring privacy and consumer advocates together with industry officials to explore whether the industry can regulate itself on the Internet to assure privacy, particularly for children.

"Americans should have the right to choose whether their personal information is disclosed," Mr. Gore said.

"They should have the right to know how, when and how much of that information is being used. And they should have the right to see it themselves, to know if it's accurate."

President Bill Clinton, in a directive released to coincide with Mr. Gore's announcement, ordered each head of a federal

agency to ensure that government use of new information technologies sustains, instead of erodes, privacy protections.

He directed each agency to appoint within 30 days a senior official to assume primary responsibility for privacy policy.

Americans are increasingly concerned about their loss of privacy in a world increasingly reliant on computers. Using improved technology, many companies are gathering information about individual habits and spending patterns. Most of that data is used by marketers, insurers and others.

Mr. Gore also called on Congress to pass strict medical records legislation to restrict the use of such records and to give people the chance to correct theirs.

In addition, he unveiled a new Web site sponsored by the Federal Trade Commission and located at www.consumer.gov that will enable individuals to prohibit companies from prescreening their credit records without their permission; prevent their drivers' license data from being sold to data banks; and remove their names

and addresses from direct-mailing and telemarketing lists.

Dave Banisar, an attorney with the Washington-based Electronic Privacy Information Center, said of Mr. Gore's announcement: "More than half the stuff they're already legally required to do. It appears that Gore's commitment to privacy is more of a public relations effort than a substantive attempt."

(Reuters, AP)

Curb on Internet Taxes

The U.S. House Commerce Committee unanimously approved legislation to impose a three-year moratorium on new state and local taxes that discourage greater use of the Internet, Reuters reported.

"This bill seeks to keep the tax man out of cyberspace," said the committee chairman, Representative Tom Bliley, Republican of Virginia, of the measure sponsored by Representative Christopher Cox, Republican of California.

As electronic commerce emerges as the new marketplace for the 21st century, it's important that we keep the Internet free from unnecessary taxation and regulation."

Mr. Bliley said the bill would keep the tax man out of cyberspace, and the committee chairman, Representative Tom Bliley, Republican of Virginia, of the measure sponsored by Representative Christopher Cox, Republican of California.

As electronic commerce emerges as the new marketplace for the 21st century, it's important that we keep the Internet free from unnecessary taxation and regulation."

Hewlett-Packard Sends Wall Street Tumbling

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Thursday, pulled down by a profit warning from Hewlett-Packard.

The Dow Jones industrial average closed 39.61 points lower at 9,172.23,

and the Standard & Poor's 500 index ended down 1.48 points at 1,117.38. Declining issues outnumbered advancing ones by a 4-to-3 ratio on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond fell 19/32 point to 102, sending the yield up to 5.98 percent from 5.94 percent Wednesday.

Prices fell after a government report on consumer prices kept alive concern the Federal Reserve Board

U.S. STOCKS

may raise interest rates, though few expect a move Tuesday when central-bank policymakers next meet. The government said consumer prices rose in April for the first time in six months.

"I don't think inflation's running away, but it would be wrong to get overly optimistic," said Todd Barre, an asset manager at Harris Bank in Chicago. "I lean toward being a touch nervous."

Hewlett-Packard fell 11% to 70 after it warned that its second-quarter earnings would be dragged down by price-cutting and Asia's economic weakness.

The outlook alarmed investors because the results reflected sales for April, the first month of most companies' second quarter. That means other computer companies also may have got off to a slow start.

"Competition in the computer industry is starting to cut into companies' businesses in a meaningful way," said Larry Seibert, a money manager at Avatar Associates in New York. "The next couple of months are going to be interesting to watch."

Dell Computer fell 3 to 95 1/4, and Compaq lost 5/16 to 31 9/16.

But other technology issues rose. IBM gained 4 1/2 to 126% after its chief executive, Louis Gerstner, said double-digit sales growth was achievable, driven by a fast-growing services business. He also said the company would work to cut costs further to increase earnings.

C-Phone rose 1 to 104, adding to its sharp gains Wednesday after the company said it would make a TV set-top device that provided Internet access. C-Phone said its device could connect with any Internet-service provider through a dial-up connec-

tion without a computer.

Xybernaut rose 5 1/32 to 8 after the company said Sony Digital Products would make its wearable computer, designed for mobile workers who need use of their hands.

Track Data rose 1 15/16 to 5 15/16 after the financial-information company said it was introducing a free Internet service that provided company news and delayed stock quotes.

WorldLink rose 1 11/16 to 5 11/16 after the Internet service company received government clearance to export software with 56-bit encryption. WorldLink had been restricted to delivering 40-bit encryption outside the United States and Canada.

Pfizer fell 2 1/4 to 108 1/16 on concerns that a competitor's new anti-diabetes drug may cut sales of Pfizer's existing remedies.

(Bloomberg, AP)

April Figures Show Inflation Remains Low

The Associated Press

WASHINGTON — U.S. Consumer prices rose a modest 0.2 percent in April, pushed up by increases in tobacco, lettuce and hotel charges, the Labor Department said Thursday.

The outlook alarmed investors because the results reflected sales for April, the first month of most companies' second quarter. That means other computer companies also may have got off to a slow start.

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Demand for Gold Jumps 17%

Gold prices rose 17% in April, the steepest monthly gain in 10 years, as investors sought safe-haven assets in the face of political uncertainty in the United States and Europe.

Gold futures for June delivery rose \$111.70, or 17%, to \$723.50 a troy ounce.

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Traders Await the G-7 Outcome

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was little changed against other major currencies Thursday as investors awaited comments from the gathering of leaders from the Group of Seven industrialized countries and a watchful eye on Asia.

The dollar was underpinned against the yen on increased

economic numbers in Japan and crisis in Asia argue for selling yen.

The dollar slipped to 134.685 yen in 4 P.M. trading from 134.155 yen Wednesday.

The dollar was held back against European currencies by expectations for interest rates in Europe to head higher before the start of monetary union in January.

The dollar barely eased to 1.7789 Deutsche marks from 1.7790 DM on Wednesday. The U.S. currency also slipped to 3.9650 French francs from

3.9665 francs and to 1.4805 Swiss francs from 1.4817 francs. The pound fell to \$1.6310 from \$1.6325.

U.S. data showing that April consumer prices rose at their fastest pace in six months weighed on the dollar because they caused Treasury bond prices to drop. Foreign investors selling bonds often also sell the dollar to repatriate their proceeds.

"Falling asset prices feed through to a lower dollar," said John Rothfield, economist at NationsBank in Chicago. (Bridge News, Bloomberg)

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Demand
For Gold
Jumps 17%

Bloomberg News

LONDON — Global gold demand surged 17 percent in 1997 as a price slump spurred jewelry buying in India, the United States and Europe, offsetting a decline in Southeast Asian consumption, Gold Fields Mineral Services said.

Demand for gold leaped to 3,839.8 metric tons last year, "easily the highest level ever," the London-based commodity research group said in its annual report on the gold industry, which is used by many gold investors and traders as the barometer of the metal's supply and demand.

The increase came in a year during which the price of gold plunged 22 percent on mounting concern that central banks worldwide, collectively the world's largest gold holders, want to unload their reserves of the metal. Australia, Argentina and the Netherlands all announced gold sales last year.

Jewelry makers and industrial users snapped up the metal. Demand jumped 38 percent to 629 tons in India, 10.8 percent to 159 tons in the United States, and 10.5 percent across Europe, the firm said.

Even so, demand dropped 1.7 percent in East Asia, including Japan, South Korea, and Southeast Asian countries, as weaker currencies, higher interest rates and government austerity measures slashed regional spending on luxury goods during the second half of last year.

Compiled by Our Staff From Dispatches

STUTTGART — Daimler-Benz AG's German unions are considering an alliance with the United Auto Workers union at Chrysler Corp. that would negotiate benefits for the 41,000 workers who will work for DaimlerChrysler in Germany and the United States, a Daimler board member said Thursday.

Discussions are in their early stage after Daimler's announcement last week of its intention to buy Chrysler for \$43 billion to create the world's fifth-largest automaker.

Daimler-Benz's 20-person supervisory board approved the deal Thursday. The approval clears the way for Daimler and Chrysler to draft details of the takeover that will be presented to both companies' shareholders this autumn. Daimler has said it expects shareholder approval this year. Chrysler has said that approval could come as early as September.

"The best solution would be to create some sort of global workers council," said Peter Schoenfelder, a Daimler employee representative who sits on the supervisory board. He said there had been preliminary contacts between the unions on both continents to raise the proposal.

The global council would open a channel between Germany's largest union, IG Metall, which represents about 100,000 Daimler-Benz work-

ers, and the UAW, which represents most of Chrysler's 100,000 employees. Unions tentatively backed creation of the company, which will make more than 4 million cars a year, after Daimler and Chrysler promised that the transaction would not lead to job cuts or factory closures.

The president of the United Auto Workers, Stephen Yokich, said he

had sought a formal role in the combined company's decision-making. Mr. Yokich said the acquisition should give the UAW a boost in organizing 1,500 nonunion workers at Mercedes-Benz's sports-utility factory in Tuscaloosa, Alabama.

Representatives of both IG Metall

and the UAW said they planned to meet in the next few weeks to co-

ordinate bargaining strategies with the new DaimlerChrysler.

While differences in the cost of living and social systems in the United States and Germany make collective bargaining difficult, the creation of the global council linking the two unions would be a first step, Mr. Schoenfelder of Daimler said.

(Bloomberg, AFX)

Compiled by Our Staff From Dispatches

FRANKFURT — The Bundesbank said Thursday that it had a net profit of 24.22 billion Deutsche marks (\$13.61 billion) in 1997, more than double its 1996 earnings, after revaluing its currency reserves closer to their market value.

Hans Tietmeyer, the Bundesbank's president, said almost all the profit would be transferred to the federal government after a small deduction to top up the central bank's statutory reserves.

Finance Minister Theo Waigel confirmed that while 17 billion DM of the profit would flow into Bonn's budget coffers, the remaining funds would be used to reduce debt.

The central bank said it would

keep 14 million DM of its profit for legally required reserves. Its profit in 1996 was 9.43 billion DM.

The 1997 earnings were the direct result of a bitter battle between Bonn and the Bundesbank last summer. The Bundesbank agreed to revalue its 70 billion DM in currency reserves, coding a dispute with the government, which wanted the central bank also to revalue its gold reserves.

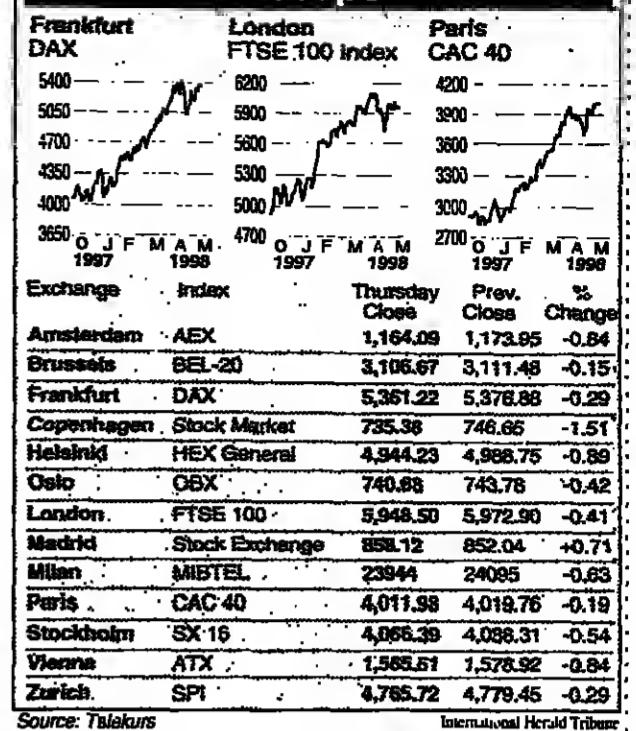
Mr. Waigel intended to use the book profit from the gold revaluation to reduce debt to meet the requirements for Europe's common currency. Mr. Tietmeyer said Thursday that the gold reserves had been valued at 144 DM an ounce, unchanged from last year and well below market

levels. But the Bundesbank revalued its currency reserves at 1.5396 DM to the dollar, compared with the previous valuation of 1.36 DM, an all-time low, and with the dollar's current value of about 1.78 DM.

Mr. Tietmeyer quashed market speculation that the chosen dollar rate carried a hidden foreign-exchange policy signal, saying it gave no indication of the bank's expected rate would develop.

Bundesbank profits are mainly a product of lending to German commercial banks. Last Oct. 9, the bank raised its target money-market rate, the securities repurchase rate, to 3.30 percent from an all-time low of 3 percent. (Bloomberg, Reuters)

Investor's Europe



Source: Telakurs

International Herald Tribune

Very briefly:

• Seagram Co. is in talks with Philips Electronics NV to buy PolyGram NV, Philips confirmed.

• Metallgesellschaft AG, the German metals and engineering company that nearly went bankrupt in 1993 after disastrous losses in oil-futures trading, said first-half pretax profit rose 18 percent, to 1.25 million Deutsche marks (\$70.2 million). Sales rose to 9 billion DM from 7.7 billion DM.

• VEBA AG, the largest German utility, said first-quarter profit rose 6.2 percent, to 905 million DM, as 6.26 million DM in one-time gains offset a greater-than-expected loss at its U.S. silicon wafer subsidiary MEMC Electronic Materials Inc. Sales rose 2.2 percent, to 20.04 billion DM.

• AMR Corp., the parent of American Airlines, and British Airways PLC plan to buy a combined 10 percent stake in the Spanish carrier Iberia through a special share issue, sources said. Iberia will follow its capital increase by taking "symbolic" stakes in both BA and American, the sources said.

• McDonald's Corp. plans to invest more than \$400 million in Central Europe to build 400 new restaurants there, raising its total in the region to more than 800. (Bloomberg, Reuters)

At Daimler and Chrysler, a Union Merger?

EUROPE

Compiled by Our Staff From Dispatches

Accounting Change Lifts Bundesbank Profit

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Palladium Prices Surge as Russia Holds Back on Exports

Compiled by Our Staff From Dispatches

LONDON — Palladium prices rose Thursday, capping a 15 percent increase over the past two days because of a delay in exports from Russia, the world's largest producer.

Palladium prices closed at \$388 an ounce Thursday, up \$4. Palladium futures have risen sharply this year because the Russian government has issued no export licenses for the metal.

al since late last year.

"Even if export decrees have been signed, no one knows exactly how much will go out of the country and where to," a trader in London said.

One of palladium's major uses is in the manufacturing of catalytic converters for automobiles. It is also a component of cellular telephones.

With prices rising so rapidly, electrical-component manufac-

ters such as TDK Corp., Murata Manufacturing Co. and Kyocera Corp. "have said they are going to aggressively substitute palladium with other metals like nickel," said Sadashiko Hanegi, a platinum and palladium dealer with Mitsubishi Corp. in Tokyo.

Nissan Motor Co. said this year it would reduce the amount of palladium it used in catalytic converters

for vehicle exhaust systems.

"The way the car companies are consuming palladium, there isn't going to be enough in the future, because the Russians don't produce enough to match that demand," said Rene Hochreiter, an analyst at Bernhard Jacobs Meller & Co. in Jobanenburg. "Sooner or later, you're going to have to move away from palladium." (Bloomberg, AFP)

WORLD STOCK MARKETS

Thursday, May 14

Prices in local currencies.

Telekurs

High Low Close Prev.

Amsterdam

AEX index: 1144.09

Previous: 1123.75

ABN-AMRO

49.50 49.20 48.60 49.50

Anglo

42.00 41.90 41.40 41.90

Amico

15.40 15.20 15.00 15.40

Amico

88.40 88.00 87.50 88.40

Amico

33.50 33.20 32.80 33.50

Amico

11.20 11.00 10.80 11.20

Amico

12.40 12.20 12.00 12.40

Amico

10.80 10.60 10.40 10.80

Amico

10.20 10.00 9.80 10.20

Amico

21.70 21.50 21.30 21.70

Amico

10.20 10.00 9.80 10.20

NYSE

Thursday's 4 P.M. Close

The 2,600 most traded stocks of the day.

Nationwide prices not reflecting late trades elsewhere.

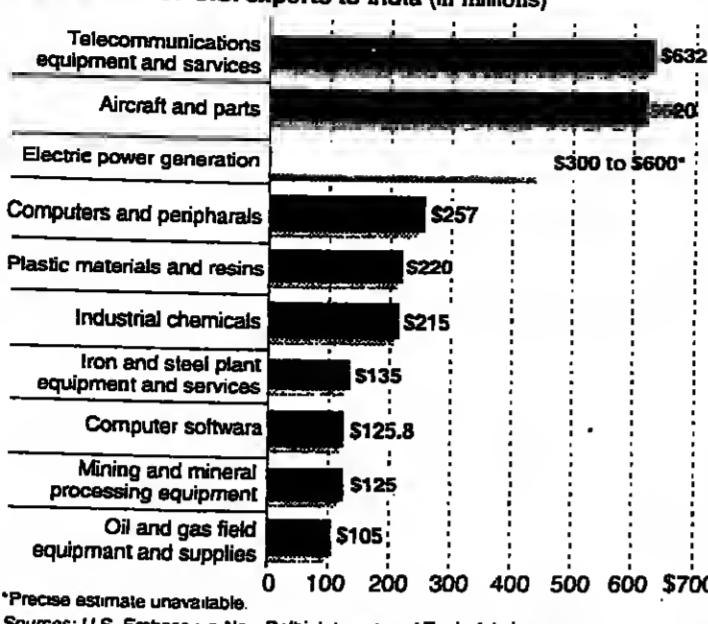
The Associated Press

12 Month												12 Month												12 Month															
High	Low	Stock	Div	Yld	PE	1995 High	Low	1995 Low	1995 Chg	High	Low	Stock	Div	Yld	PE	1995 High	Low	1995 Chg	High	Low	Stock	Div	Yld	PE	1995 High	Low	1995 Chg												
104 12 BellInd	12	BBN	14	1.3%	12	120	14	120	+1%	120	120	BBN	12	1.2%	12	320	320	320	270	270	BBN	12	1.2%	12	320	320	320	270	270	BBN	12	1.2%	12	320	320	320	270	270	BBN
279 180 ABR's	24	2.2	25	490	292	260	260	260	+2%	260	260	ABR's	24	2.1	24	220	220	220	200	200	ABR's	24	2.1	24	220	220	220	200	200	ABR's	24	2.1	24	220	220	220	200	200	ABR's
115 10 ACBL	20	2.0	20	403	249	240	240	240	+2%	240	240	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
115 10 ACBL	20	2.0	20	403	249	240	240	240	+2%	240	240	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
105 78 ACBL	23	7.8	78	78	78	78	78	78	+1%	78	78	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
279 120 ACBL	24	8.4	24	268	64	64	64	64	+1%	64	64	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
120 120 ACBL	24	8.4	24	268	64	64	64	64	+1%	64	64	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
279 120 ACBL	24	8.4	24	268	64	64	64	64	+1%	64	64	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
279 120 ACBL	24	8.4	24	268	64	64	64	64	+1%	64	64	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL	14	1.4	13	211	211	211	190	190	ACBL
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ASIA/PACIFIC

A Sanctions Side Effect: Lost Business for U.S. Firms**What the U.S. Sells to India**

The sectors ranked by the U.S. government as best prospects for goods and services sales in India are:

Estimated 1997 U.S. exports to India (in millions)

*Precise estimate unavailable

Sources: U.S. Embassy in New Delhi; International Trade Administration

By Martha M. Hamilton
Washington Post

WASHINGTON — Boeing Co. stands to lose almost \$500 million in aircraft orders as a result of President Bill Clinton's decision to impose economic sanctions on India.

Major roadblocks also lie ahead for construction companies, suppliers of power-generation equipment and builders of electric grid who are investing billions of dollars to help India overcome its chronic shortage of generating capacity.

Meanwhile, other U.S. companies are scrambling to determine how their dealings with India might be affected by the sanctions that Mr. Clinton imposed after India announced it had exploded five nuclear devices. In all, the sanctions appear likely to cost India close to \$20 billion in loan guarantees and other economic aid from American and international agencies.

The United States is one of India's biggest trading partners, accounting for about 22 percent of its total exports and 11 percent of its imports. U.S. exports to India reached \$3.6 billion in 1997, while direct U.S. investment has hit more than \$7 billion a year.

The damage to the Indian economy will depend on whether the United States "wants to ratchet up the level of sanctions" to discourage

age direct investment in India, said Bejoy Das Gupta, a senior economist for the Institute of International Finance, a Washington-based group whose members include banks, brokerage firms and financial services companies.

Marshall Bouton, executive vice president of the Asia Society, a private group that promotes improved U.S. relations in the region, said that sanctions would not "bring the Indian economy to its knees but that they would 'bite' if they went on 'for a year or two.'

Judith Lee, a partner who specializes in international trade at the Washington law firm Gibson, Dunn & Crutcher, said she had been fielding calls from clients all day. "Everybody is just wondering what in the hell is going on," she said.

Normally when sanctions are imposed on a country, Ms. Lee said, it is after a lengthy process in which companies have had time to determine what the impact will be on their operations. "In this situation," she said, "there was no warning."

The sanctions prohibit credit, credit guarantees or other financial assistance by U.S. government agencies to India, as well as loans by commercial banks to government entities in India. They also bar the sale of weapons to India, including technology that could be used to design

and construct weapons. This could limit sales of computer technology.

Moreover, the sanctions could cut off loans and guarantees for about \$500 million in export projects that are pending but have not been approved by the U.S. Export-Import Bank, as well as \$3.5 billion in projects that are at a preliminary stage.

Boeing, for instance, is relying on a \$200-million Export-Import Bank credit for the sale of 10 737 jets to the private carrier Jet Airways, a deal valued at \$486 million. Boeing is also battling Airbus Industrie over a large order from Air India.

The sanctions also cut off \$10.2 billion in insurance and financing by Overseas Private Investment Corp. and may block about \$2 billion in projects that the World Bank was expected to finance this year. The United States cannot veto World Bank funding unilaterally but will have to enlist support from other large shareholders. Japan already has signaled its willingness to take steps against India.

Mark Bickford-Smith, who helps manage Asian investments for the mutual-fund concern T. Rowe Price Associates Inc., said the Indian economy could probably withstand the impact of the sanctions on lending and other financial aid. "The area we'd be much more concerned about is the trade picture, particularly in the burgeoning and very successful technology area," he said.

Bob Cohen, speaking for the Information Technology Association of America, said most U.S. sales to India of information technology involved software, which is normally sold commercially and probably would not fall under the sanctions. The association represents leading technology companies including International Business Machines Corp., AT&T Corp., Microsoft Corp. and Oracle Corp.

Mr. Cohen also said the sanctions were not likely to interfere with India's growing software development industry in Bangalore and New Delhi, which sells services to U.S. companies.

The sanctions probably will have a chilling effect on new U.S. corporate investment in India, Mr. Bouton of the Asia Society said. But U.S. business already had developed a wariness toward investment there over the past two years as the pace of reform and privatization had slowed, he said.

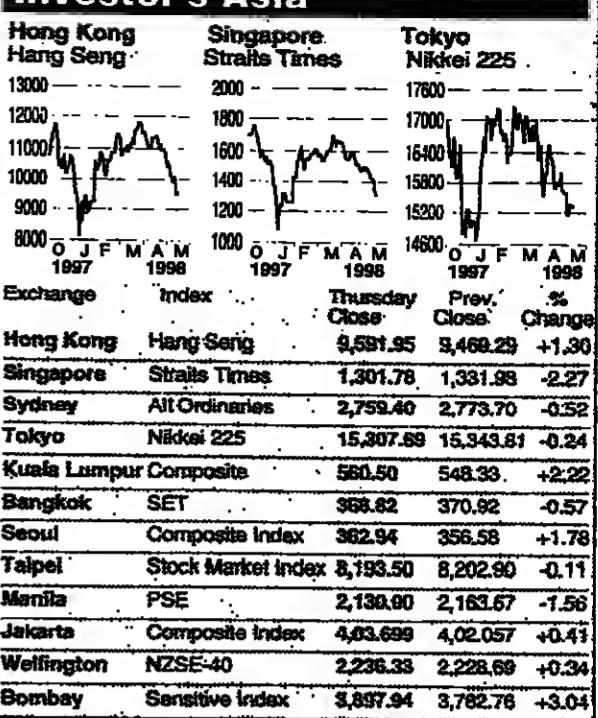
Most U.S. investment has been in power projects, transportation and infrastructure, although consumer-products companies including PepsiCo Inc. and Coca-Cola Co. have also made commitments in India.

The largest foreign investment in India is Enron Corp.'s \$2.5 billion powerplant at Dabhol, being built for the state-run utility in Maharashtra. The first phase of the construction is under way, and expected to be completed by the end of the year.

■ Rupee Slides Against Dollar

The Indian rupee fell 2 percent to a record low of 40.58 to the dollar Thursday amid concern that the sanctions would cut flows of foreign currency to the country. Bloomberg News reported from Bombay.

The Indian currency's previous low was 40.30 to the dollar, set Jan. 15. On Wednesday, the dollar bought 39.77 rupees.

Investor's Asia

Source: Telka

International Herald Tribune

Very briefly:

• Northwest Airlines Inc. postponed planned flights to Jakarta amid escalating social unrest but said it was still looking to buy equity stakes and second-hand planes from ailing local carriers.

• Thailand's central bank said two ailing finance companies, Union Asia Finance PCL and Nava Finance PCL, would be nationalized unless they raised capital soon.

• Kokusai Denshin Denwa Co. will begin domestic and international phone service in the United States, Britain, and Germany on June 1. The company said its rates would be as much as 80 percent below those of local competitors.

• United Energy Ltd.'s 400 million Australian dollars (\$250.7 million) of securities, or almost 42 percent of the company, closed at 2.41 dollars a share in the first day of trading on the Australian stock exchange, a 2 percent premium to the price paid by institutional investors.

• Nikko Securities Co. said a three-month investigation conducted by Coopers & Lybrand LLP, a U.S. accounting firm, showed no evidence of irregular trading or undisclosed obligations on its books.

• Malayan Banking Bhd.'s third-quarter profit rose to 152.5 million ringgit (\$39.3 million) from 18.6 million ringgit in the second quarter.

• TDC Corp.'s group pretax profit fell 3.6 percent, to 99.6 billion yen (\$742.5 million), in the year ended in March, despite rising sales of personal computers.

• DDI Corp., a Japanese telephone company, said its group pretax profit would fall 28 percent, to 37.5 billion yen, in the current business year due to a massive capital spending plan.

• Toyota Motor Corp. unveiled a midsized luxury car for the Japanese market, the Progress, aimed at competing with imports such as Mercedes-Benz AG's C-class and Bayerische Motoren Werke AG's 3-series. Bloomberg, AFP, Reuters

Overseas Sales Bolster Nintendo

Compiled by Our Staff From Dispatches

TOKYO — Nintendo Co.'s earnings jumped 28 percent last year as brisk sales in the United States and Europe made up for a severe slump in Asia, the maker of home video-game consoles and software said Thursday.

Nintendo said net profit for the year ended March 31 rose to 83.70 billion yen (\$623.9 million) from 65.48 billion yen a year earlier. Sales climbed 28 percent, to 534.65 billion yen.

Nintendo, which makes the Nintendo 64 console and the Game Boy portable game player, earned more than three-quarters of its revenue overseas, with half of that coming from the United States. Sales abroad rose 61 percent, to 414.67 billion yen, while Asian sales fell 25 percent, to 119.98 billion yen.

Consumption has been weak in Japan because of rising unemployment and falling incomes. Nintendo has also faced fierce competition from Sony Corp.'s PlayStation.

Nintendo said it expected earnings to grow 20 percent for the current year, largely because of the strong U.S. economy. Nintendo's shares rose 160 yen to close at 12,070.

Daimler Sets Nissan Move, Paper Reports

Compiled by Our Staff From Dispatches

TOKYO — Daimler-Benz AG will buy a majority stake of as much as 60 percent in Nissan Diesel Motor Co., the Nikkei Keizai newspaper reported Thursday, without naming its sources. But Daimler refused to comment on the report, reiterating only that the companies were holding talks.

"We are negotiating several opportunities for cooperation with Nissan Diesel," Daimler's chief spokesman, Christoph Walther, said. "At the moment, there is no need for an exchange of capital."

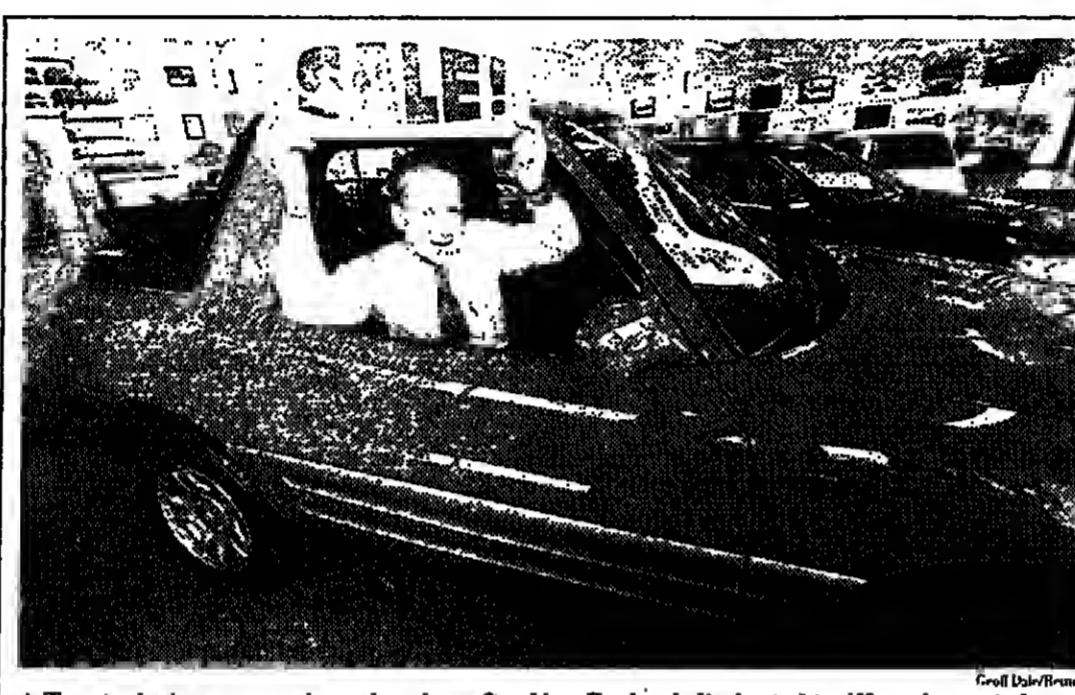
Emiko Otani, a spokeswoman for Nissan Diesel, added that "nothing has been decided yet."

The report said Nissan Motor Co., Nissan Diesel's largest shareholder, would sell part of its 39.8 percent stake in Japan's fourth-largest truckmaker to Daimler. It also said the German company would buy newly issued shares in the truckmaker to raise its stake above 50 percent.

Nissan Motor's stake in Nissan Diesel will fall to 20 percent or less, making it the company's second-largest shareholder, the Nikkei said.

Such a deal would make Nissan Diesel the first Japanese vehicle-maker to become a subsidiary of a foreign company. Ford is the largest shareholder in Mazda Motor Corp., with a minority stake of about 34 percent.

Daimler said it was negotiating with Nissan last week, just after saying it would buy Chrysler Corp. to become the world's third-largest



A Toyota dealer announcing sale prices after New Zealand eliminated tariffs on imported cars.

New Zealand Trims Growth Forecasts Amid Asia Slowdown

Bloomberg News

WELLINGTON — New Zealand said Thursday that it had trimmed its growth forecasts in the face of the economic slowdown in Asia, but analysts said the government had not gone far enough in accounting for the likely impact.

carmaker in terms of revenue.

An alliance between Nissan Diesel and Daimler would help Daimler expand in Asia and give financially strapped Nissan money to focus on its passenger-car business.

By gaining access to the German concern's cleaner engine technology, Nissan hopes to reduce costs of developing such engines, which meet stringent emission require-

ments in other countries.

Nissan Motor's president, Yoshiaki Hanawa, said Wednesday that a possible tie-up between his company and Daimler-Benz would involve other Nissan affiliates.

Mr. Hanawa said Nissan would develop ties with Daimler-Benz in "more than 10 segments," adding that the deal including the Nissan Diesel takeover was expected to be

completed by the end of June.

The talks between Daimler and Nissan have already produced an agreement requiring Nissan Diesel to sell some truckmaking technology to Daimler.

Mr. Hanawa said Wednesday that the talks would probably be completed before Nissan's shareholder meeting in June.

(Bloomberg, AFP, NYT)

Motorola Inc.**Plans Korean Investments**

Bloomberg News

SEOUL — Motorola Inc., the world's largest maker of wireless phones, said Thursday it would invest \$300 million in semiconductor and telecommunications businesses in South Korea as part of its expansion in Asia.

"We envisage a series of investment plans for Thailand, the Philippines, Singapore and other Asian nations in coming months," said Richard Youens, president of Motorola Asia-Pacific. "I expect the economic stability will return in the next three to five quarters for most countries."

The company, based in Schaumburg, Illinois, said it would strengthen its mobile-phone handset business using the code division multiple access system, or CDMA, a new mobile-phone technology, through new partnerships with local companies.

"Our major target is CDMA mobile phone manufacturers," Mr. Youens said.

Motorola will inject \$150 million in the company's South Korean semiconductor, software and communication products businesses in the next three months.

One target company could be Pantech Co., which makes mobile phones that use CDMA technology. Pantech stock closed 0.6 percent higher at 5,180 won (\$3.69).

FUND: Companies Facing Pressure to Clean Up Toxic Waste Sites

Continued from Page 15

nothing about the mess in Palmerton, Pennsylvania, that federal regulators trace at least in part to Viacom's door.

There, smoke from a zinc smelter has scattered huge quantities of heavy metals throughout the rural town. The smelter was operated for decades by Paramount Communications, back when it was an industrial hedgehog known as Gulf & Western. By the time Viacom bought Paramount in 1994, the smelter had long since been sold. But under federal law, prior owners of Superfund sites still hold responsible.

Toxic smoke from the smelter killed all the plants and trees on a mountain overlooking Palmerton and the grass in residents' yards.

Government tests have shown that children who live in Palmerton have higher-than-normal levels of lead in their blood. The metals have found their way into the horses and cattle that graze in the area and even into garden vegetables.

The smelting also left a swath of toxic waste 2.5 miles (four kilometers) long that is still burning inside — a molten mess that government studies say could cost \$200 million to clean up.

But Viacom did not find Palmetto worth noting in its recent 100-page financial report. The only hint of the millions of dollars that Viacom may spend on it and 17 other polluted sites that regulators say the company is at least partly responsible for is a footnote that makes no specific mention of a Superfund problem.

The footnote says the company has recorded a liability — it does not say how much — of its best estimate of its "environmental exposure."

"It's now cheaper for the company to pay a lawyer a million dollars a year" to file lawsuits that create a delay than to record a liability and clean up, said William Cooper, a chemistry professor at the University of North Carolina at Wilmington. "The current system does not work."

His is but one name on a 1997 report by a panel of the National Research Council, an advisory group to the government consisting mostly of scientists and engineers, that found serious shortcomings in corporate reports.

According to the study, companies typically report a liability of about \$1 million for each Superfund site, even though experience shows that the average site costs about

\$25 million to clean up.

Though some of the disparity may arise because companies anticipate sharing the tab with other responsible parties, other studies have detected similar gaps.

Of all the groups expressing concerns, the insurance industry, which ends up paying a lot of the cleanup costs, is most likely to get its way. The industry wants companies to publish a list of their Superfund sites, along with a case-by-case estimate of potential liability.

A draft proposal is circulating for comment, but if it fails to be enacted by a rule-making body, the insurers could make the added disclosure a condition of new policies.

G-7: U.S. to Face Tough Questions on Fast Growth

NASDAQ

Thursday's 4 P.M.

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press

12 Month High Low	Stock	Div	Ytd	PE	100s High	Low	Latest Close
219	ABX		10	10	219	218	218
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107	ABX		10	10	107	106	106
106	ABX		10	10	106	105	105
105	ABX		10	10	105	104	104
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102	ABX		10	10	102	101	101
101	ABX		10	1			

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International Herald Tribune

SPORTS

FRIDAY, MAY 15, 1998

WORLD ROUNDUP

Swedes Reach Final

ICE HOCKEY Sweden swept into the world championship final with a 7-2 victory over host Switzerland on Thursday in the second leg of the semifinal. The Swedes had won the first game, 4-1.

Fredrik Modin, Mikael Renberg, Ulf Dahlén and Christer Olsson gave Sweden a four-goal lead in the first period. Johan Törnberg, Niklas Sundström and Peter Forsberg also scored. Before Dino Kessler and Reijo Von Arx tallied for Switzerland.

(Reuters)

Orioles Sign Erickson

BASEBALL Scott Erickson, a 30-year-old right-handed pitcher who could have become a free agent after the season, agreed to a \$32-million, five-year contract extension with the Baltimore Orioles.

Charles Nagy, a 31-year-old right-handed pitcher, signed a four-year contract extension with the Cleveland Indians. Financial terms were not disclosed.

(AP)

Sport as a Contraceptive

Girls who play high school sports delay becoming sexually active and are less likely to get pregnant than those who don't, a study has found. Paula Hunt, spokeswoman for the Women's Sports Foundation, told The Dallas Morning News that a report by the foundation, "Sport and Teen Pregnancy," had confirmed the long-suspected conclusion. The foundation promotes women's participation in sports.

The study found that girls who played sports were less than half as likely to get pregnant as girls who didn't, more likely to begin sex later in adolescence, likely to have fewer partners and more likely to use contraceptives. The study found no such differences in sexual behavior between male athletes and nonathletes.

(AP)

Two Losers in One Game

SOCCER A match in the Rio de Janeiro state championships ended just half an hour after the scheduled kickoff and both teams lost, 2-0.

Flamengo and Fluminense, two of Brazil's leading teams, refused to play because they said the venue had been altered without warning.

Referee Claudio Cerdeira waited a half-hour before calling the game off. "I'm taking the ball home as a souvenir," he said. "This is the first time this has happened in my career."

(Reuters)



Chang returning to Sampras on Thursday. Chang won in straight sets.

Chang Outduels Sampras In Swelter of Italian Open

The Associated Press

ROME — Michael Chang ended Pete Sampras's short run at the Italian Open in the third round Thursday, 6-2, 7-6 (8-6), dealing the world's No. 1 player another clay-court disappointment.

Chang, the 15th seed, had the better serve and more consistent ground strokes than Sampras, and won the center court encounter in under two hours. Chang had 11 aces to five for Sampras.

"I really got off to a bad start," said Sampras, who had his serve broken in the first game of the match. "By the middle of the second set I felt pretty good out there, got a pretty good rhythm out there. But the difference was he outplayed the important points better."

The two Americans played under a scorching sun, with temperatures that topped 30 degrees centigrade (85 Fahrenheit).

Sampras, who has always had problems on clay, had struggled even as he won his first two matches in straight sets. "I've gotten off to a pretty shaky start in every match I've played here," Sampras said. "I get a little tentative out there and it showed. I got impatient, trying to hit my way out of trouble and that's when I get into trouble on clay."

Chang has made marked improvement in his service recently and it showed against Sampras, whose career

has built on his powerful serve and forehand. Neither worked for the top seed Thursday, while Chang had most of his aces in the second round set.

"I don't think I'll ever really win matches just by serving well," Chang said. "But if I'm able to get a couple of free points here and there it will help me out."

"I couldn't believe it," said Sampras. "Especially on the big points, he came with the big serve. It's hardly ever that he out-serves me."

Marcelo Rios, the No. 3 seed, continued to breeze through the draw with a 6-3, 6-1 victory over Thomas Muster.

Yevgeni Kafelnikov lost to Richard Krajicek, the No. 11 seed, 6-2, 3-6, 7-6 (8-6), and Brett Steven upset No. 14 seed Carlos Moya, 7-5, 6-0.

■ Hingis Crushes Majoli

Martina Hingis routed Iva Majoli, 6-1, 6-2, in the German Open, The Associated Press reported from Berlin.

Hingis took just 49 minutes to beat the woman who beat her in the final of last year's French Open, spoiling her bid for the Grand Slam.

Hingis will next face Anna Kournikova, who overpowered Arantxa Sanchez-Vicario, the No. 5 seed, 6-4, 6-2. Ai Sugiyama from Japan upset No. 4 Amanda Coetzer, 4-6, 6-2, 6-3.

Tiny Zola Hits Big Time Again

European Soccer/Rob HUGHES

International Herald Tribune

STOCKHOLM — Gianfranco Zola, one of the smallest professional soccer players in Europe, won the Cup Winners' Cup for Chelsea against VfB Stuttgart on a mellow night in Stockholm.

He did it with a goal that transcended a dire game, demonstrating that it is what is in a man's mind rather than the shape or size of his body that counts.

The Italian, eager to prove himself after a two-centimeter tear in an abdominal muscle, came on as a substitute with 20 minutes left Wednesday. He needed just 22 seconds to put his seal on the night. He was quick, he was subtle; he darted where no man imagined, he finished with real venom.

"It wasn't planned," he said. "In the moment, I used my positive strength and I got a reward for the passion, the work not only I, but the masseur Mimmo Pezza did together in Rimini. The injury should take one month to heal. Mimmo Pezza helped me fit in less than half that. I think this man for a beautiful moment which will be in my heart for as long as I can remember."

Emotion shook his body. Zola donated his man of the match prize, a \$15,000 Nissan car, to charity. More money, he hardly needs. A World Cup call-up, he craves. "Maybe Cesare Maldini was watching, and maybe he'll pick me," said Zola. "I can do no more." Maldini, Italy's coach, must decide now between Zola and Roberto Baggio.

Germany, meanwhile, must be worried. Wednesday pointed up the Achilles' heel of the Germany team, the lack of a defensive sweeper or *libero*. The land which once boasted Franz Beckenbauer, the Kaiser among *liberos*, has lost, through injury, Matthias Sammer, the best of the modern generation. It has recalled Lothar Matthaeus, 37, for the World Cup. Wednesday showed why. For Stuttgart, fourth in the Bundesliga and the last German hope of

a European trophy this season; simply did not have one German to step into that pivotal defensive role. Frank Verlaat, the club's Dutch *libero*, was suspended and the only "volunteer" was Murat Yakin, a Swiss midfielder.

Against Gianluca Vialli and Tore Andre Flo, Yakin got away with it. The moment Zola arrived he lunged forward, impulsively scampered behind him and, quicker than you could shout "He's behind you!" Zola received Demis Wise's pass and rapturously drove the ball into the roof of the net.

In a tetchy match, Chelsea's Dan Petrescu was sent off for a foul. Stuttgart's Gerhard Poschner for insolence. Chances were squandered by men who lost their nerve and their aim until Zola showed them how. Intriguingly, Graham Rix, the Chelsea assistant coach had a different substitution in mind.

"He told me he was going to take me off!" said Vialli, who is Rix's boss at all times except when he is actually playing. "You must be joking," Vialli, the coach, told Rix, the assistant coach.

Zola had to come on, Flo had to go.

The ecstasy soon wore thin for Chelsea fans who outnumbered Stuttgart fans five to one in the 30,216 crowd. The club's own travel company had booked thousands in and out in a day, but Arlanda airport was closed to them for hours, the planes left empty, and tired and bored supporters were draped in their blue shirts around lounges until lunchtime Thursday. Angry though they were, the fans behaved meekly, some of them even joyous. "Being here when Zola did that," said one, "was worth the hassle."

Rob Hughes is sports correspondent of The Times of London



Adam Butler/The Associated Press

Post Positions Shake Up Preakness Field

By Andrew Beyer
Washington Post Service

BALTIMORE — On a Pimlico racing strip that has historically favored horses running near the rail, the Kentucky Derby winner Real Quiet will start from the outside post position, No. 11, in the Preakness.

He got that unlucky number on Wednesday as Pimlico employed a new system — first used at the Derby two weeks ago — that allows participants to choose the post positions for their horses. A blind draw determines the order of selection, and when the trainer for Real Quiet, Bob Baffert, was left with the 11th pick for his horse, he had to play choice.

"The best horse in the race has to give up a few lengths," he lamented.

The Preakness, to be run Saturday, is the second leg of North American racing's Triple Crown.

Victory Gallop, the Derby runner-up, was not much more fortunate, and will start from No. 10. Coronado's Quest, winner of the Wood Memorial Stakes who skipped the Derby, will break from No. 4.

Pimlico's oddsmaker, Clem Florio, listed Coronado's Quest as a 2-to-1 favorite.

vorite over the Derby winner, and explained that he was swayed by the horses' posts and running styles. "Inside speed is so important here," he said.

While some of the participants in the post-position draw shrugged off the importance of their horses' assignments, people who regularly watch races at Pimlico know otherwise. Racing near the rail is usually an advantage because the turns are sharper and less banked than at many other tracks. Horses who race wide tend to lose their momentum, and they don't often win with the bold, outside moves that are commonplace at Churchill Downs — such as the one Real Quiet made.

On occasion, the inside part of the Pimlico strip becomes the fastest part of the track, and the bias accentuates the advantage of being on the rail. That's what happened in the 1996 Preakness, when Louis Quatorze led all the way on the inside while Skip Away was forced to race wide after breaking from a poor post — No. 11.

In addition to worrying about their own horses, most of the owners and trainers in the Preakness were paying special attention to Coronado's Quest. The colt has frequently thrown tantrums

in the paddock, and post parade, before his races, and rival trainers are wary of having their horses near him.

Stuart Janney III, his owner, was the first to pick, and chose Post 4. Pat Byrne, trainer of a long shot, Black Cash, subsequently picked No. 2 because, "I don't want to be next to Coronado's Quest." But David Cross, trainer of Classic Cat, picked a stall next to the unruly colt and said: "Behind him, in front of him, on top of him — it doesn't matter."

Coronado's Quest got another break when the other principal speed horse in the field, Baquero, drew No. 7, meaning that the favorite will be nearer the rail if the two horses hook up in a duel — which is probable.

The trainer Wayne Lukas almost certainly entered Baquero to set a fast pace that will help his stretch-running Cape Town, though the trainer denied that his speedster was going to be employed as a "rabbit" to press Coronado's Quest.

The object of all this attention remained at his base in Belmont Park, New York, and will stay there until he is ferried to Pimlico on Saturday morning. Coronado's Quest's trainer, Shug McGaughey said, "He doesn't need to be in that rat race down there."

Kolzig Stops Ottawa for 3-1 Caps' Lead

By Rachel Alexander
Washington Post Service

KANATA, Ontario —

The Washington Capitals managed just 11 shots on goal but still eked out a 2-0 victory over the Ottawa Senators on the strength of their goaltender, Olaf Kolzig.

Kolzig stopped 36 shots Wednesday night for the shutout as Washington played most of the game clinging to the one-goal lead provided by Sergei Gonchar's short-handed first-period score.

The victory gave the Caps a 3-1 edge in the series.

The Senators' attack was relentless, but Kolzig was

spectacular, and Mark Tinordi put the game out of reach, putting the puck into an empty net with five seconds remaining.

"Ten or 11 shots on goal is not going to win you many hockey games, but when your goaltender is perfect

and throws a shutout like that, I guess that's all you need," said Ron Wilson, the Washington coach.

Washington has gone seven consecutive periods without tallying more than seven shots, and it has been outshot 139-69 overall. And, while many of the Senators' shots have been low-percentage attempts from the perimeter, the Capitals are troubled by the disparity.

"We have to give Olie a break soon," the Capitals' defenseman Calle Johansson said. "He shouldn't have to stand on his head every game. It is nice when he does, though."

The Capitals came out

with a strong effort in the game's first few minutes, although thoughtless penalties left the Senators to record 11 consecutive shorthanded goals, mostly on the power play.

Toward the end of the period, with the Capitals' Kelly Miller in the penalty box, Esa Tikkanen was able to get the puck out of the Washington zone and break rookie Chris Phillips' stick at the same time. Phillips went to the bench instead of staying with the play, creating a 3-on-2 situation favoring Washington.

Tikkanen then made a nice move around Wade Redden to get the puck to Gonchar, who skated around goaltender Damian Rhodes for the short-handed goal at 18 minutes 30 seconds.

The Senators came back in the second period, but Kolzig made several strong saves. Kolzig had to scramble after a shot from Phillips began bouncing between a mass of bodies in front of the net, and the Senators' left wing, Shawn McEachern, got three

whacks at the rolling puck but could not score.

The Senators continued their offensive onslaught in the third period as Washington recorded just two shots, but the one that counted was Tinordi's 90-foot chip from the neutral zone after Rhodes was pulled with about a minute to go.

In Edmonton, The Associated Press reported:

Stars 3, Oilers 1 Benoit Hogue scored twice for Dallas, including his second consecutive game-winning goal at 14:52 of the second period, when he beat Edmonton's goaltender, Curtis Joseph, on a breakaway.

"I just feed it up," said Hogue, who also scored the winner in overtime in Game 3.

Guy Carbonneau scored his first goal of the playoffs for Dallas at 8:46 of the opening period.

Edmonton's Scott Fraser answered 97 seconds later with his first goal of the post-season. Dallas leads the series, 3-1.

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POSTCARD

Going With the Flow

By N.R. Kleinfield

New York Times Service

NEW YORK — Yes, those were in fact the streets of New York. They were not Alma, Michigan.

In an incongruously yellow-less city, traffic moved with an unfamiliar fluidity on Wednesday during the taxi strike. People who normally traveled at \$2 initial charge and 30 cents per 1/5 mile walked, and not necessarily wearing smiles. They rode buses, and not necessarily wearing smiles. They were not cabs, and boy, was it different.

It was a day when the absence of taxis left traffic so thinned that pedestrians could cross the street at 48th Street and Avenue of the Americas and see one car waiting at the light. One.

It was a day when horns did not blare continuously, because they did not have to. Drivers did not hang out their windows, shaking fists and snarling, "Move it, moron!"

On its own — naturally — traffic flowed.

Robert Krauss, a vice president at MFP Technology Services, a computer leasing company in Manhattan, was furious. He was holding a sales meeting at 1 P.M. Wednesday, and fellow workers were arriving at LaGuardia Airport from throughout the country and Canada. The chief executive himself was coming from Toronto.

At 11 A.M., a harried Krauss was madly scampering between the terminals, scooping up his guests. Four could cram into his Lexus.

"I'm trying to arrange for limos to pick them up," he said of the others. "My wife wouldn't give me the van."

People driving in the city, however, found it a genuine delight. Though there were congested patches here and there, many major arteries were free of gridlock and New York vitriol. The streets were hardly empty, but, by New York standards, traffic moved briskly.

Charles Agosto, a police traffic agent stationed at the perpetually congested corner of 43d Street and Seventh Avenue, said: "I'd say traffic is about 75 percent less today. The motorists are in better mood. Even the messenger boys on bicycles, they're happy. They usually have to veer around cabs and the cabs have given them a hard time. It's this ongoing battle. Today, they've got smiles on their faces."

But all morning Wednesday, he had seen three cabs. By 10:30, he sat in his Plexiglas booth surrounded by nothing. No people. No cabs. He was listening to his clock radio.

After a futile 15-minute wait to find a cab to take him to his office on Broadway and 20th Street, Andre Marcell surrendered and did the unimaginable. He walked.

It was a day when horns did not blare continuously, because they did not have to. Drivers did not hang out their windows, shaking fists and snarling, "Move it, moron!"

On its own — naturally — traffic flowed.

It was a day when the absence of taxis left traffic so thinned that pedestrians could cross the street at 48th Street and Avenue of the Americas and see one car waiting at the light. One.

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